

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 23, 2013
APPLICATION SUMMARY**

NAME OF PROJECT: NHC/Maury Regional Transitional Care Center

PROJECT NUMBER: CN1307-025

ADDRESS: 5004 Trotwood Avenue
Columbia (Maury County), Tennessee 38401

LEGAL OWNER: NHC-Maury Regional Healthcare, LLC
100 Vine Street
Murfreesboro, TN (Rutherford County), TN 37130

OPERATING ENTITY: Tennessee HealthCare Advisors, LLC
100 Vine Street
Murfreesboro, TN (Rutherford County), TN 37130

CONTACT PERSON: Bruce K. Duncan
(615) 890-2020

DATE FILED: July 12, 2013

PROJECT COST: \$18,161,672.00

FINANCING: Cash Reserves

REASON FOR FILING: The relocation and replacement of two (2) separately licensed nursing home facilities; NHC Healthcare Hillview and Maury Regional Hospital Skilled Nursing Unit, into one new center with a total of 112 beds

DESCRIPTION:

NHC/Maury Regional Transitional Center is seeking approval to relocate and combine two licensed nursing home facilities located in Maury County, Tennessee; NHC Hillview (92 beds) located at 2710 Trotwood Avenue, Columbia (Maury County), TN and Maury Regional Hospital Skilled Nursing Unit (20 beds) located at 1224 Trotwood Avenue, Columbia (Maury County), TN. The site of the new facility will be 5004 Trotwood Avenue, Columbia (Maury

**NHC/Maury Regional Transitional Care Center
CN1307-025
October 23, 2013
PAGE 1**

County), TN. The proposed new nursing home will have a total of 112 Medicare-only certified skilled beds and will be called NHC/Maury Regional Transitional Care Center to reflect the combination of the two entities. The applicant does not propose that the facility will be Medicaid-certified. No new nursing home beds are requested. The applicant has the authorization to file this application from Tennessee Code Annotated, §68-11-1627(a) which states that "A replacement facility application is any application that proposes to replace one (1) or more currently licensed nursing homes with one (1) single licensed nursing home."

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

This criterion does not apply.

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The need to replace both centers is based on the age and condition of the existing nursing home facilities. In the case of NHC Hillview, the building is 59 years old, and in the case of the Maury Regional Hospital Skilled Nursing Unit, limitations of the existing physical plant restrict the ability of the applicant to modernize patient areas in a cost effective manner. Renovation was not an alternative due to the lack of a viable site at either location.

It appears this criterion has been met.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 2

The Maury Regional Skilled Nursing Unit operated at 73.7% occupancy in 2011 and NHC, Hillview operated at 88.2% occupancy in 2011. The proposed project expects to attain 94.6% occupancy by 2018.

It appears this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

NHC/Maury Regional Transitional Care Center is a joint venture between NHC and Maury Regional that resulted in the need of both nursing home providers to change current existing locations and that neither existing facility had the available site to build a new nursing home. The new location is approximately 2.8 miles from the hospital site and 1.4 miles for the existing NHC HealthCare, Hillview location.

The proposed NHC/Maury Regional Transitional Care Center will be part of the first phase of a seventeen (17) acre campus. Possibly, an Assisted Living Facility, Home Health Care Office or Medical Office Building will be added in the future as determined by market demand. The facility is projected to be open in November 2016.

Ownership

NHC/Maury Regional HealthCare, LLC has two (2) members, NHC/OP, LP and Maury Regional Medical Center. NHC/OP, L.P. owns 80% and Maury Regional Medical Center owns 20%.

NHC/OP, L.P. is owned 99% by National HealthCare Corporation and 1% by the limited partnership's general partner, NHC/Delaware, Inc. National HealthCare Corporation owns 100% of NHC/Delaware, Inc. NHC/OP, L.P. also owns 100% in numerous nursing facilities, assisted living, homes for the aged and home health care organizations in seven southeastern states. Twenty-four (24) of the nursing homes are located within Tennessee.

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 3

Maury Regional Medical Center is a two hundred fifty-five (255) licensed bed not-for-profit hospital created by Private Act in 1949 and owned by Maury County. MRMC also owns and operates Marshall Medical Center (25 beds) in Marshall County and manages Wayne Medical Center (80 beds) in Wayne County. MRMC is also a member of the Vanderbilt Health Affiliated Network.

Facility Information

The proposed single story brick facility will consist of 70,054 square feet and a 1,000 square foot maintenance building. The center will consist of sixty (60) private rooms, eight (8) companion rooms/private rooms with shared baths, and eighteen (18) semi-private rooms and physical, speech, and occupational suites.

Service Area Demographics

NHC/Maury Regional Transitional Care Center's declared service area is Maury County.

- The total population of the service area is estimated at 82,029 residents in calendar year (CY) 2013 increasing by approximately 1.2% to 82,991 residents in CY 2017.
- The overall statewide population is projected to grow by 3.7% from 2013 to 2017.
- The 65 and older population will increase from 14.5% of the general population in 2013 to 16.4% in 2017. The statewide 65 and older population will increase from 14.5% in 2013 of the general population to 15.8% in 2017.
- The proportion of TennCare enrollees of the total county population is 17.6%, compared with the state-wide average of 18.3%.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Historical Utilization

The utilization table on the following page reflects the following:

- There was a 6.7% decrease in total nursing home patient days in Maury County from 193,280 in 2009 to 180,181 in 2011
- The nursing home bed occupancy rate increased from 80% in 2009 to 83.1% in 2011 in the proposed service area of Maury County

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 4

However, please note the following regarding historical utilization of nursing homes in Maury County as it relates to an unimplemented certificate of need for Rosewood Manor, CN0703-21AE:

- June 25, 2007- Agency approved the replacement and relocation of the existing 68-bed nursing home from Columbia (Maury County), TN to Spring Hill (Maury County), TN. The project was to be located on property adjacent to the proposed Spring Hill Hospital, which was approved but later overturned on appeal in Chancery Court.
- January 4, 2010-Inactive status was granted by the Tennessee Board for Licensing Health Care Facilities which resulted in residents being transferred and transitioned to other nursing facilities in Maury County and elsewhere prior to the facility being closed. The Board has since granted subsequent approvals for the license to remain inactive while the owners work to implement the certificate of need.
- Project extensions- On July 22, 2009 and July 27, 2011, the Agency granted two year extensions to the expiration date and on August 28, 2013, the Agency approved an additional three year extension until September 1, 2016. The project was extended twice due to issues related to the Spring Hill Hospital appeal and once due to owner's need to refinance a number of projects during the economic downturn. Rosewood Manor has recently developed a plan that will permit the road to be extended to the site.
- The decrease in patient days of 6.7% from 193,280 patient days in 2009 to 180,181 patient days in 2011 and the reduction of TennCare/Medicaid patient days in 2010 could possibly be attributed both to the closing of Rosewood Manor and the implementation of the Long-Term Care Community CHOICES Act of 2008, which provides for more home and community-based options for long-term care.

Service Area Historical Utilization

Nursing Home	2013 Lic.'d Beds	2009 Patient Days	2010 Patient Days	2011 Patient Days	'09- '11 % Change	2009 % Occ.	2010 % Occ.	2011 % Occ.
Life Care Center of Columbia	123	43,249	41,409	41,658	-3.7%	96.3%	92.2%	92.8%
Maury Regional Hospital SNU	20	5,807	5,785	5,382	-7.3%	79.5%	79.2%	73.7%
Mt Pleasant Health and Rehab	72	23,291	23,502	22,523	-3.3%	88.6%	89.4%	85.7%
NHC HealthCare, Columbia	106	34,506	35,511	34,698	+0.6%	89.2%	91.8%	89.7%
NHC HealthCare, Hillview	92	30,308	29,556	29,633	-2.2%	90.3%	88%	88.2%
Rosewood Manor*	68	22,471	Inactive License	Inactive License	N/A	90.5%	N/A	N/A
Signature HealthCare of Columbia	181	33,648	44,103	46,287	-11.3%	50.9%	66.8%	70.1%
Total	662	193,280	179,866	180,181	-6.7%	80.0%	83.0%	83.1%

Source: Tennessee Department of Health, Division of Health Statistics, Joint Annual Reports

*Rosewood Manor closed and was placed on an inactive licensure status in 2010.

The following table of the Maury County Nursing home inventory and average daily census for 2011 indicates the following:

- Medicare Skilled ADC was 103 or 17.3% of all licensed beds
- Medicaid Skilled ADC was 42 or 7.1% of all licensed beds
- Other Payor Skilled ADC was 17 or 2.9% of licensed beds
- Medicaid Non-Skilled ADC was 54 or 9.1% of licensed beds
- Other Payor Non-Skilled ADC was 277 or 60.7% of licensed beds.

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 6

Inventory & Avg. Daily Census of Maury Co.

Nursing Homes 2011

Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All Other Payors ADC	Non-Skilled Medicaid ADC	Non-skilled All Other Payors ADC	Total ADC	Licensed Occupancy
594	456	103	42	17	54	277	493	83.1%

* Includes dually-certified beds

Projected Utilization

NHC/Maury Regional Transitional

Care Center Projected Utilization

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
2017	112	112	28	0	12.0	40	80	71.3%
2018	112	112	37.1	0	15.9	53	106	94.6%

* Includes dually-certified beds

- The above table projects the licensed occupancy will increase from 71.3 % in 2017 to 94.6% in 2018.
- In 2018 on average the 112 Medicare skilled beds will contain 37.1 Medicare skilled patients, 15.9 Other skilled patients, and 53 non-skilled patients.

Project Cost

Major costs are:

- Construction- \$12,004,000 or 66% of total cost
- Moveable Equipment- \$1,294,200 or 7.1% of total cost
- Preparation of Site- \$1,146,200 or 6.3% of total cost

For other details on Project Cost, see the Project Cost Chart on page 96 of the original application.

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 7

The construction cost is \$170.05 per square foot. As reflected in the table below, the construction cost is between the median of \$167.31 per square foot and the 3rd quartile of \$181.72 per square foot of statewide nursing home construction projects from 2010 to 2012. The construction cost for this project is similar to the construction cost projected for Health Center of Nashville, LLC, CN1107-024, of approximately \$167.00 per square foot, which is right at the median.

**Statewide
Nursing Home Construction Cost Per Square Foot
Years 2010-2012**

	Renovated Construction	New Construction	Total construction
1st Quartile	\$19.30/sq. ft.	\$164.57/sq. ft.	\$73.23/sq. ft.
Median	\$35.76/sq. ft.	\$167.31/sq. ft.	\$166.57/sq. ft.
3rd Quartile	\$55.00/sq. ft.	\$181.72/sq. ft.	\$167.61/sq. ft.

Source: HSDA Applicant's Toolbox

A letter dated July 5, 2013 from the architectural firm Johnson and Bailey Architects, P.C. indicates the proposed nursing home will be constructed to comply with all applicable building and life safety codes and to the requirements specified in the latest editions of the Guidelines for the Design and Construction of Health Care Facilities.

Historical Data Chart

The following three historical data charts were provided by the applicant.

Combined NHC, Hillview and Maury Regional Skilled Nursing Unit Operations

- According to the Historical Data Chart the combined NHC, Hillview and Maury Regional Skilled Nursing Unit experienced net loss operating results for the three most recent years reported: (\$236,184) for 2010; (\$284,846) for 2011; and (\$419,065) for 2012.
- Average annual Net Operating Income (NOI) was unfavorable at approximately (4.1%) of annual net operating revenue for the year 2012.

Maury Regional Skilled Nursing Unit Operations

- According to the Historical Data Chart the Maury County Skilled Nursing Unit experienced profitable operating results for two of the three most

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 8

recent years reported: \$102,785 for 2010; \$26,773 for 2011; and (\$340,198) for 2012.

- Average annual Net Operating Income (NOI) was unfavorable at approximately (13.9%) of annual net operating revenue for the year 2012.

NHC, Hillview Operations

- According to the Historical Data Chart NHC Hillview operations experienced operating losses for three most recent years reported: \$338,969 for 2010; \$311,619 for 2011; and (\$78,867) for 2012.
- Average annual Net Operating Income (NOI) was unfavorable at approximately (1%) of annual net operating revenue for the year 2012.

The applicant noted in the first supplemental response that both operations have experienced operational losses. Maury Regional Skilled Nursing Unit is a small hospital unit, which based on its bed size, is not a profit center and has some unfavorable design issues. NHC, Hillview has physical plant limitations which exist from the operation of a building constructed in 1964. Both facilities have also been impacted by Medicare reimbursement cuts.

Projected Data Chart

The applicant projects \$14,269,221.00 in total gross revenue on 29,166 patient days during the first year of operation and \$19,740,620 on 38,659 patient days in Year Two (approximately \$511.00 per day). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal (\$812,249) in Year One increasing to \$144,888 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach \$14,071,675 or approximately 71.3% of total gross revenue in Year Two.
- Charity care at approximately .02% of total gross revenue in Year One and in Year Two equaling to \$4,178 and \$5,674, respectively.
- Charity Care calculates to 8.5 days per year in Year One (Charity Care of \$4,178 divided by average gross charge per day of \$489).
- Tennessee HealthCare Advisors, LLC, an affiliate of NHC, will manage the center under a management agreement and will be compensated at a rate of 5% of net revenues.
- An affiliate of NHC will own the new facility and lease it to the applicant for a term of fifteen (15) years for an initial lease payment of 7% of total development costs increasing at a rate of 2% each year.

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 9

Charges

In Year One of the proposed project, the average patient daily charges are as follows:

- The proposed average gross per diem charge is \$489.24/day in 2017
- The average deduction is \$135.87/case, producing an average net per diem charge of \$353/day.

Medicare/TennCare Payor Mix

- Medicare- Charges will equal \$9,828,135 in Year One representing 49.7% of total gross revenue
- Medicare Part B- Charges will equal \$435,690 in Year One representing 2.2% of total gross revenue
- The applicant is not planning to be TennCare/Medicaid certified.

Financing

A July 3, 2013 letter from Donald K. Daniel, NHC Senior Vice President and Controller confirms the availability of cash reserves and cash equivalents in the amount of \$66,000,000 to fund the \$18,161,672 proposed project.

NHC's unaudited financial statements for the period ending March 31, 2013 indicates \$73,839,000 in cash and cash equivalents, total current assets of \$440,686,000, total current liabilities of \$237,589,000 and a current ratio of 1.85:1.

Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Staffing

The applicant's proposed direct patient care staffing in Year Two includes the following:

- 9.80 FTE Registered Nurses and
- 11.20 FTE LPN's and
- 46.20 FTE Aides and
- 1.0 FTE Director of Nursing and
- 1.0 FTE Associate Director of Nursing and
- 1.0 Rehab Aides
- 1.0 FTE Activities Dept. Head and
- 1.0 Social Services Dept. Head and
- 2.0 FTE Social Services Staff

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 10

Licensure/Accreditation

NHC/Maury Regional Transitional Care Center will be licensed by the Tennessee Department of Health and certified by Medicare.

Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, pending applications, denied applications, or outstanding Certificates of Need for this applicant.

National Healthcare Corporation, LLC has a financial interest in this project and the following:

Pending Applications

The Health Center of Hermitage, CN1306-022, has a pending application that is scheduled to be heard at the October 23, 2013 Agency meeting. The application is for the establishment of a 90-bed nursing home by relocating 60 of the 150 nursing home beds, per TCA §68-11-1631, from the approved but unimplemented certificate of need for the Health Center of Nashville, CN1107-024A, and the addition of 30 new Medicare-certified skilled nursing home beds. The 30 requested new Medicare-certified beds are subject to the 2012-2013 Nursing Home bed pool. The estimated project cost is **\$20,142,000**.

Outstanding Certificates of Need:

NHC at Indian Path, LLC, CN1212-059A, has an outstanding certificate of need that will expire on July 1, 2015. The CON was approved at the May 22, 2013 Agency meeting for the replacement and relocation of the twenty-two (22) bed Indian Path Medical Center Transitional Care Unit and the addition of thirty (30) new Medicare certified skilled nursing home beds. The facility will relocate from Indian Path Medical Center at 2000 Brookside Drive to 2300 Pavilion Drive, Kingsport (Sullivan County), TN. The new facility will be licensed as NHC at Indian Path and will contain fifty-two (52) Medicare-only (skilled) nursing home

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 11

beds. The estimated project cost was \$10,385,615.00. *Project Status: The project was recently approved.*

The Health Center of Nashville, LLC, CN1107-024AM, has an outstanding certificate of need that will expire on November 1, 2014. The CON was approved at the September 28, 2011 Agency meeting for the change of site and relocation of CN1002-007A for the construction of a 150 bed nursing home from 2816 Old Hickory Boulevard, Nashville (Davidson County), TN to an unaddressed site at the intersection of HWY 100 and Pasquo Road, Nashville (Davidson County), TN. The estimated project cost was \$23,894,100.00. *Project Status: A request to modify the CON is scheduled to be heard as a General Counsel's Report item at the October 23, 2013 Agency meeting. Request for an eighteen (18) month extension of the expiration date from November 1, 2014 to May 1, 2016 and the following project modifications pursuant to the approval of CN1306-022 which will relocate 60 of the 150 beds authorized by CN1107-024A:*

- *Reduction of 60 beds from the 150 approved beds to 90 beds (all to be private rooms not 38 private, 41 companion suites and 15 semi-private);*
- *Decrease in project cost by \$2,381,950 from \$23,894,100 to \$21,512,150;*
- *Other changes related to the footprint of the facility including (a) reduction in overall square footage by 8,592 SF from 86,000 SF to 77,408 SF; (b) increase in therapy gym space by 2,500 SF from 2,300 SF to 4,800 SF; (c) the addition of 3,400 SF of shelled space for potential future growth. CN1306-022 is pending to relocate 60 of the 150 beds authorized by CN1107-024A with an estimated project cost of \$20,142,000.*

NHC Healthcare-Sumner, LLC, CN1108-029, has an outstanding certificate of need that will expire on December 1, 2014. The CON was approved at the October 26, 2011 Agency meeting for the relocation of two previously approved Certificate of Need projects for 1) a sixty-two (62) bed Medicare certified nursing home project issued as CN0702-014AE and 2) the addition of thirty (30) new Medicare certified nursing home beds granted as CN0808-057AE for a project total of ninety-two (92) bed nursing home located on Nashville Pike (Hwy 31E) near Kennesaw Blvd.(on Parcels 22.01 and 24.04 on Sumner County Property tax Map 1.36, Gallatin, TN 37066). The ninety-two (92) beds will be certified as Medicare-only nursing home beds. The estimated project cost was \$17,902,991.00. *Project Status: The status report indicated NHC began site preparation work in September 2013.*

NHC Healthcare Tullahoma, CN1007-030A, has an outstanding certificate of need that will expire on December 1, 2013. The CON was approved at the October 27, 2010 Agency meeting for the relocation of CN0807-050A comprised

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 12

of sixty (60) nursing home beds, and the addition of thirty (30) new Medicare certified nursing home beds for a total of ninety (90) nursing home beds from 30 Powers Ridge Road, Manchester (Coffee County), TN to a yet to be addressed site at Cedar Lane and Seventh Street, Tullahoma (Coffee County), TN. The additional thirty (30) nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2010 to June 2011 state fiscal year period. The estimated project cost was **\$14,449,438**. *Project Status: The August 28, 2013 status report indicated the project is under construction and nearing completion.*

Maury Regional Hospital has a financial interest in this project and the following:

Pending Applications

Maury Regional Hospital d/b/a Maury Regional Medical Center, CN1307-026, has a pending application that is scheduled to be heard at the October 23, 2013 Agency meeting. The application is for the relocation of two (2) linear accelerators and a mobile positron emission tomography (PET) scanner from the main Maury Regional Medical Center campus at 1224 Trotwood Avenue, Columbia (Maury County), TN to Maury Regional Cancer Center located at 808 South James Campbell Blvd., Columbia (Maury County), TN. As part of the project, MRMC will replace one of its linear accelerators. The estimated project cost was **\$7,742,231**.

Outstanding Certificates of Need

Maury Regional Ambulatory Surgery Center, CN1111-046A, has an outstanding certificate of need that will expire June 1, 2014. The CON was heard at the April 25 2012 Agency meeting for the establishment of a multi-specialty ASTC in subleased space in a medical office building leased by Maury Regional Hospital to include two (2) operating suites and two (2) procedure rooms managed and operated by Vanderbilt University Medical Center. The estimated project cost was **7,894,178.00**. *Project Status: According to the October 2, 2013 status update construction is 80% complete. The scheduled construction completion date is December 1, 2013.*

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied applications, or pending applications for other health care organizations in the service area proposing this type of service.

NHC/Maury Regional Transitional Care Center

CN1307-025

October 23, 2013

PAGE 13

Outstanding Certificates of Need

Rosewood Manor, CN0703-021AE, has an outstanding certificate of need which will expire September 1, 2016. The application was approved at the July 26, 2007 Agency meeting for the replacement and relocation of the 68-bed existing nursing home from Columbia to Spring Hill, TN. The estimated project cost was **\$10,668,976**. Project Status: *During the August 28, 2013 Agency meeting, the project was extended for a thirty-six (36) month period from September 1, 2013 to September 1, 2016. The project was extended due to issues with the delay in the development of a road to the facility.*

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME 10/7/2013

LETTER OF INTENT



JUL 12 AM 11 58

PUBLICATION OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC/Maury Regional Transitional Care Center , Nursing Home
(Name of Applicant) (Facility Type-Existing)

owned by: NHC-Maury Regional HealthCare, LLC with an ownership type of Limited Liability
Company and to be managed by: Tennessee HealthCare Advisors, LLC intends to file an application for a
Certificate of Need for: : the establishment of NHC/Maury Regional Transitional Care Center, a 112 bed
nursing home, by relocating and combining two existing licensed nursing home facilities, NHC HealthCare,
Hillview consisting of 92 nursing home beds, license number 183 and Maury Regional Hospital SNU's 20 bed
nursing home, license number 181. No new beds are being requested as part of this application. The
proposed center will be Medicare certified. The center site will be located on approximately 11 acres at 5004
Trotwood Ave in Columbia, Maury County. The project costs for the nursing home are estimated to be
\$18,161,672.

The anticipated date of filing the application is: July 15 , 2013

The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine Street, 12th Floor
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020
(City) (State) (Zip Code) (Area Code / Phone Number)

**Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted.
Written requests for hearing should be sent to:**

**Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF0050 (Revised 01/09/13 – all forms prior to this date are obsolete)

COPY-
Application

NHC/Maury
Regional
Transitional
Care Ctr
CN1307-025

2013 JUL 12 AM 11 54
CERTIFICATE OF NEED APPLICATION

APPLICANT: **NHC-MAURY REGIONAL HEALTHCARE, LLC**

AUTHORIZED
REPRESENTATIVE: BRUCE K. DUNCAN
NATIONAL HEALTHCARE CORPORATION
100 VINE STREET, 12TH FLOOR
MURFREESBORO, TN 37130
615-890-2020

PROJECT: The Relocation and replacement of two (2) separately licensed nursing home facilities, NHC HealthCare, Hillview, License number 183 and Maury Regional Hospital skilled Nursing Unit, License number 359. The proposed new center will have a total of 112 beds and will be called NHC/Maury Regional Transitional Care Center. No new beds are being requested as part of this proposal. The center will be located at 5004 Trotwood Ave in Columbia, Maury County, TN. The project costs for the nursing home are estimated to be \$18,161,672.

Submitted to
the State of Tennessee
Health Services & Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

July 12, 2013

SECTION A:

1.	<u>Name of Facility, Agency, or Institution</u> 2013 JUL 12 AM 11 54 <u>NHC/Maury Regional Transitional Care Center</u> Name			
	<u>5004 Trotwood Ave</u> Street or Route	<u>Maury</u> County		
	<u>Columbia</u> City	<u>Tennessee</u> State	<u>38401</u> Zip Code	
2.	<u>Contact Person Available for Responses to Questions</u>			
	<u>Bruce K. Duncan</u> Name	<u>Assistant Vice President</u> Title		
	<u>National HealthCare Corporation</u> Company Name	<u>bduncan@nhccare.com</u> Email address		
	<u>100 Vine Street</u> Street or Route	<u>Murfreesboro</u> City	<u>TN</u> State	<u>37130</u> Zip Code
	<u>Employee</u> Association with Owner	<u>615-890-2020</u> Phone Number	<u>615-890-0123</u> Fax Number	
3.	<u>Owner of the Facility, Agency or Institution</u>			
	<u>NHC-Maury Regional HealthCare, LLC</u> Name	<u>615-890-2020</u> Phone Number		
	<u>100 Vine Street</u> Street or Route	<u>Rutherford</u> County		
	<u>Murfreesboro</u> City	<u>Tennessee</u> State	<u>37130</u> Zip Code	
4.	<u>Type of Ownership of Control (Check One)</u>			
	A. Sole Proprietorship _____	F. Government (State of TN or _____ Political Subdivision) _____		
	B. Partnership _____	G. Joint Venture _____		
	C. Limited Partnership _____	H. Limited Liability Company <u>X</u>		
	D. Corporation (For Profit) _____	I. Other (Specify) _____		
	E. Corporation (Not-for-Profit) _____			

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS. NHC-Maury Regional HealthCare, LLC has two (2) members, NHC/OP, L.P. and Maury Regional Medical Center. NHC/OP, L.P. owns 80% and Maury Regional Medical Center owns 20% of NHC-Maury Regional HealthCare, LLC. NHC/OP, L.P. also owns 100% in other nursing facilities in various states. Please see Attachment "Section A, Applicant Profile - 4 Type of Ownership or Control" located at the end of the CON application on pages 2-13 for a copy of the Articles of Organization, Certificate of Existence, Organization Chart and Listing of Other Nursing Facilities owned by NHC/OP, L.P.

5. Name of Management/Operating Entity (If Applicable)

Tennessee HealthCare Advisors, LLC

Name

100 Vine Street

Street or Route

Rutherford

County

Murfreesboro

City

Tennessee

State

37130

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Please see Attachment "Section A, Applicant Profile - 5 Management Entity" located at the end of the CON application on page xx.

6. Legal Interest in the Site of the Institution (Check One)

- | | | | |
|-------------------------|-------|--------------------|--------|
| A. Ownership | _____ | D. Option to Lease | _____X |
| B. Option to Purchase | _____ | E. Other (Specify) | _____ |
| C. Lease of _____ Years | _____ | | |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Please see Attachment "Section A, Applicant Profile - 6 Legal Interest in the Site" located at the end of the CON application on page 14-67.

7. Type of Institution (Check as appropriate--more than one response may apply)

- | | | |
|--|--|--------|
| A. Hospital (Specify) _____ | I. Nursing Home | _____X |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | J. Outpatient Diagnostic Center | _____ |
| C. ASTC, Single Specialty _____ | K. Recuperation Center | _____ |
| D. Home Health Agency _____ | L. Rehabilitation Facility | _____ |
| E. Hospice _____ | M. Residential Hospice | _____ |
| F. Mental Health Hospital _____ | N. Non-Residential Methadone Facility | _____ |
| G. Mental Health Residential Treatment Facility _____ | O. Birthing Center | _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) _____ | P. Other Outpatient Facility (Specify) _____ | _____ |
| | Q. Other (Specify) _____ | _____ |

8. Purpose of Review (Check) as appropriate--more than one response may apply)

- | | | | |
|--|--------|---|--------|
| A. New Institution | _____ | G. Change in Bed Complement | |
| B. Replacement/Existing Facility | _____ | [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] | |
| C. Modification/Existing Facility | _____X | | |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ | _____ | | _____X |
| E. Discontinuance of OB Services | _____ | H. Change of Location | _____X |
| F. Acquisition of Equipment | _____ | I. Other (Specify) _____ | _____ |

9. Bed Complement Data*Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds Licensed</u>	<u>Beds CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	<u>44</u>	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)*	<u>20</u>	_____	_____	<u>112</u>	<u>112</u>
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	<u>48</u>	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
Swing Beds	_____	_____	_____	_____	_____
S. Mental Health Residential Treatment	_____	_____	_____	_____	_____
T. Residential Hospice	_____	_____	_____	_____	_____
U. TOTAL	<u>112</u>	_____	_____	<u>112</u>	<u>112</u>

*Maury Reg. Hosp. Skilled Nursing Unit

10. Medicare Provider Number 44-5030
 Certification Type Nursing Home

11. Medicaid Provider Number N/A
 Certification Type _____

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? Yes, Medicare

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? No If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.**

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

NHC/Maury Regional Transitional Care Center will participate with the various TennCare MCO's on a contractual basis. Technically, SNF care is not a covered benefit for TennCare recipients. However, if SNF care is the less costly alternative to short term acute rehab, the MCO's can and often do chose to use SNF instead of acute rehab.

NHC/Maury Regional Transitional Care Center will have contracts with the following:

- Aetna Health Care
- Blue Advantage
- BlueCover TN
- Blue Cross Blue Shield Network
- Cariten
- CCN Managed Care, Inc.
- Champva
- Cigna Health Care of TN
- CompPlus
- HealthNet
- HealthSpring
- Humana
- The Initial Group
- John Deere Health Care
- NPPN
- Signature Health Alliance
- TriCare
- United Health of TN
- Vanderbilt Health Plans
- Windsor

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.**

Proposed Services & Equipment: Relocation and replacement of two (2) separately licensed nursing home facilities, NHC HealthCare, Hillview, License number 183 and Maury Regional Hospital skilled Nursing Unit, License number 359. The proposed new center will have a total of 112 beds and will be called NHC/Maury Regional Transitional Care Center. No new beds are being requested as part of this proposal. The center will be located at 5004 Trotwood Ave in Columbia, Maury County, TN.

Ownership Structure: NHC-Maury Regional HealthCare, LLC (Limited Liability Company)

Service Area: Maury County

Need: Based on the Skilled Bed Need methodology found in the Guidelines for Growth 2000, there is not a projected need for an additional nursing home beds in Maury County for 2013. However, the applicant is not requesting additional beds from the 125 bed pool which became effective July 1, 2013 through June 30, 2014.

Existing Resources: The applicant has a binding joint venture agreement between two existing licensed nursing home entities demonstrating its ability to construction a 112 bed nursing facility by relocating and combining NHC HealthCare, Hillview and the Maury Regional Hospital Skilled Nursing Unit. No new beds are being requested as part of this proposal.

Project Cost: \$18,161,672

Funding: Cash Reserves

Financial Feasibility: Projected Data Chart demonstrates the project is financially feasible in year two moving forward with positive net operating income less capital expenditures.

Staffing: 4.04 Direct Hours of Nursing per day (Year 1)
3.93 Direct Hours of Nursing per day (Year 2)

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.**
- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project. If the project involves none of the above, describe the development of the proposal.**

NHC-Maury Regional HealthCare, LLC ("NHC") is applying for a Certificate of Need ("CON") for the relocation and replacement of two (2) separately licensed nursing home facilities, NHC HealthCare, Hillview, License number 183 and Maury Regional Hospital skilled Nursing Unit, License number 359. The proposed new center will have a total of 112 beds and will be called NHC/Maury Regional Transitional Care Center. The facility will be located on 5004 Trotwood Ave in Columbia, Maury County, TN.

NHC HealthCare, Hillview, or as it was previously known in its beginnings, Hillview Haven, located at 2710 Trotwood Ave, was originally built in 1964 as a 60 bed nursing home by a group of local physicians. The center was acquired in 1971 by NHC as one of the original 14 centers that formed the company. NHC has continuously operated the center since that time. In 1982, the center added three patient care wings to increase the total number of beds to 92. Since that time, there have been no further bed additions to the physical plant. The original building was configured to have two rooms sharing a bathroom with central shower areas for bathing. While each room does have a sink in the room. We find that the expectations of today's consumer are not met by sharing a bathroom and shower space. While the building has been well maintained, with survey's that include no life safety tags, the building does have had a number of structural problems with sewage lines, plumbing, roofing, and electrical problems that are inherent in a building of this age. In 2008, the center launched a program called Ortho Short Stay that is designed to meet the needs of a younger population that has had joint replacement. While the program has grown rapidly, a common complaint from customers and orthopedic doctors is that the therapy gym is far too small to accommodate the patients in a comfortable manner. The configuration of the gym in the basement does not permit a physical expansion. Despite our limitations with physical space NHC Hillview has been a four star CMS rated center since the rating system was developed. The American College of Health Care Administrators recently rated the center in the top 7% of centers in the nation based on long term quality performance. The center has had an excellent history of compliance with state and federal survey results. In addition, the current Administrator has been at the center for the past 20 years. Despite the age of our building, the center has attracted and increased its Medicare and third party payment census from 40% in 2011, 50% in 2012, to 57% in 2013. The center runs a high 69% RU rehab rugs for the Medicare population. In light of our past success in this building there is no question that the need for a new physical plant is imperative to meet the needs of an evolving and changing patient demographic. On the hospital side, Maury Regional Hospital has determined to use the space currently occupied by its skilled nursing unit in other ways. But much like the NHC, Hillview facility, the existing skilled unit is not well suited for the demands of patients today seeking a nursing home bed.

Therefore, the replacement of the existing beds and services will enable NHC-Maury to directly address the growing and changing demands of long-term care patients in the community and further expand the access of the local community to quality health care services. This proposal will directly address the continued and growing need Maury Regional has to discharge skilled Medicare patients into community nursing home beds.

The special needs of the skilled care resident are provided for in this proposal. Specifically, the nursing hours per patient day for the center beds in year two are 3.93. Full ancillary areas will be provided such as Physical Therapy, Speech, Occupational Therapy, Activity Room and Dining Room.

NHC-Maury's proposed new nursing facility will be single story, brick and concrete structure which will meet all Life Safety Codes to ensure the safety of the patients and staff, and provide state of the art care in a comfortable environment. The building will be fully sprinkled. Care will be taken to make use of building materials, which provide the greatest insulation consistent with cost constraints.

NHC/Maury Regional Transitional Care Center should be granted the proposed CON for the following reasons:

- u Both NHC and Maury Regional have a long history of providing care very much in excess of industry standards (the staffing is 3.93 direct nursing hours per patient day for this proposal, year two) in Maury County.
- u The growing aging population of Maury County will be adversely affected if this CON is not approved;
- u The project is financially feasible.
- u It promotes the orderly development of the existing health care system in that it replaces, without adding additional beds, two old physical plant operations into a new state of the art facility in a highly visible location site. The project is also a joint venture between the two very well know providers of healthcare in the area representing both acute care and post-acute care.
- u NHC/Maury Regional Transitional Care Center is also supported by the community (See Support Letters located at the end of the application).

SERVICES:

- a. Nursing Services: Licensed (RN's and LPN's) and ancillary nursing personnel serve patients and in emergencies, area residents. In recognizing the critical role qualified nursing assistants play in the care of patients, NHC has established a pilot program with levels of certified nurse assistants (CNA).
- b. Rehabilitation Services: The center will provide physical, occupational, speech and recreational therapy services according to physician's orders as part of a rehabilitation program. These services will also be available to all residents of the service area (outpatient) as part of the applicant's continuum of care.
- c. Dietary Services: All special diet needs will be met and proper nourishment will be provided at all times. NHC has implemented (and is the only long-term health care chain to do so) an American Dietetic Association-approved Dietetic Internship program whereby dietitians are chosen to train in the three major areas of dietetics within the long-term health care setting: administrative, clinical and community dietetics with an emphasis on the treatment of geriatric nutritional problems. Internists also receive training in hospitals and community health centers. Upon graduation and completion of exams, they become licensed and certified dietitians. NHC's goal is to place an ADA Dietitian in each NHC facility.
- d. Medical Director: A local physician will be employed as medical director on a consulting basis and will be available to attend to needs of our nursing home patients and residents.
- e. Consultant Services: Advice and instructions is sought from health care professionals, including dietitians, pharmacists, gerontologists, therapists, and social workers.
- f. Housekeeping & Janitorial Services: Housekeeping and janitorial services will be provided to insure that services are rendered to patients in a clean, attractive, well-maintained and comfortable atmosphere.

- g. Laundry: Clean linens are furnished to all patients and personal laundry services will be available at a nominal charge.
- h. Patient Assessment Program: A multi-disciplinary team of health professionals systematically conduct medical care evaluations, admission and extended duration review. The computerized patient assessment program of the applicant maintains patient-specific reports thereby enabling the professional staff to evaluate patient progress on a regular and comprehensive basis. Moreover, management can ensure the physician's orders are carried out in conformance with the highest standards of patient care. Detailed information is fed into the computer and analyzed monthly. This information shows each item of expense and need. The costs are then compared to expected standards and similar corporate facilities. A continuous effort is thus maintained in providing a first class nursing home at the lowest possible cost to the patient, his family and the state/federal government.
- i. Discharge Planning: A discharge planning coordinator continuously monitor each patient's progress by individual contact and with the use of the patient assessment program in order to return the patient as soon as possible to the most independent living arrangements. This position is also responsible for some family support.
- j. Respite Care: NHC/Maury Regional Transitional Care Center will also provide respite care based on bed availability. Respite care refers to providing nursing services to individuals in the community that are cared for in their home and whose families need a place to care for individuals for a short time while the family is away.
- k. Sub-Acute Care: NHC/Maury Regional Transitional Care Center will provide Level II beds for heavy skilled patients, which many centers currently can not take in any significant number due to physical plant limitations and staff training. The facility will be organized and staffed accordingly to meet the needs of these patients.

NHC/Maury Regional Transitional Care Center will provide services to persons with decubiti ulcers, feeding tubes, catheters, tracheotomies, medical problems requiring IV's, or other persons requiring "sub-acute" care. It will be the policy of NHC/Maury Regional Transitional Care Center to make available heavy skilled nursing services to patients requiring such services. The project offers sub-acute services and does so with the expertise and knowledge to do them efficiently and effectively by NHC.

NHC/Maury Regional Transitional Care Center will be able to care for sub-acute patients with its increased staffing. If demand for these "heavy skilled" or "sub-acute" care beds is greater than projected, additional staff, one of the main factors determining the number of sub-acute patients the facility can serve at any given time, is added to the staffing pattern.

- l. Transportation: NHC/Maury Regional Transitional Care Center will provide non-medical transportation to and from locations in the county for patients and/or volunteers who need such a service.
- m. Alzheimer/Dementia Disease: NHC/Maury Regional Transitional Care Center will provide special services to those patients suffering from dementia diseases, including Alzheimer's disease. NHC/Maury Regional Transitional Care Center has specialized programs within its center which includes specially trained staff of nurses, aides, activities and Social Worker. These individuals provide support to the Alzheimer patients and families.
- n. Community Service - NHC/Maury Regional Transitional Care Center will offer a number of Community Services such as health fairs and telephone reassurance for the local community.

- B. **Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.**

The project consist of the relocation and replacement of two (2) separately licensed nursing home facilities, NHC HealthCare, Hillview, License number 183 and Maury Regional Hospital skilled Nursing Unit, License number 359. The proposed new center will have a total of 112 beds and will be called NHC/Maury Regional Transitional Care Center. No new beds are being requested as part of this proposal. The center will be located at 5004 Trotwood Ave in Columbia, Maury County, TN.

The replacement and relocation/change of site will have a positive impact on the community. The proposed health care will add a unique and comprehensive long-term care community that offers a wide array of services geared towards enhancing the functional capabilities of the elderly and maximizing their personal independence. The project promotes the orderly development of the existing health care system in that it provides for the evolution of two outdated physical plants by the construction on one new center operated within a joint venture.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

A. Unit / Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage			Proposed Final Cost/ SF		
					Renovated	New	Total	Renovated	New	Total
Admin						2,613			\$171.60	\$448,391
Kitchen						2,517			171.60	431,917
Employee Break						413			171.60	70,871
Laundry						1,440			171.60	247,104
Storage/Central Supply						992			171.60	170,227
Housekeeping						270			171.60	46,332
Classroom										
Beauty/Barber						176			171.60	30,202
PT/OT/Speech						3,744			171.60	642,470
Nursing Support						2,514			171.60	431,402
Dining/Rec						5,768			171.60	989,789
Sun Porch						352			171.60	60,403
Public/Staff Toilets						514			171.60	88,202
Patient Rms & Baths						27,922			171.60	4,791,415
B. Unit/Depart. GSF Sub-Total						49,235			\$171.60	\$8,448,726
C. Mechanical/ Electrical GSF						1,401			\$171.59	\$240,398
D. Circulation /Structure GSF						18,828			\$171.60	\$3,230,885
E. Stor./Maint. Bldg. GSF						950			\$88.42	\$83,999
F. Total GSF						70,414			\$170.48	\$12,004,007

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

NHC and Maury Regional have been providing health care to the citizens of Maury and surrounding counties for many years. Our desire is to merely continue to serve our population with the highest quality and state of the art care available anywhere in the country. First, NHC-Maury is responding to ongoing discussions we have had together as separately operated continuum of care providers on how to best deliver the needed skilled Medicare nursing home beds in the community, and specifically in proximity to Maury Regional Medical Center. Second, NHC and Maury Regional have independently verified the need for said project based on the population, the currently bed inventory, and the State Health Plan. Since this project focuses on the needs of skilled Medicare patients, the Choices and/or Options programs do not diminish the need for this project. For patients being discharged from a hospital via Medicare, quite often the best and most cost effective option is a short-term nursing home stay for rehab followed by home care after discharge. NHC-Maury's request is being drive entirely by the local market conditions and patient demand for services.

- D. Describe the need to change location or replace an existing facility.

The need to change location is a function of the joint venture between NHC and Maury Regional in that neither existing facility location has the available site on which to build the new 112 bed center. As documented in the referenced attachment, the new location is approximately 2.8 miles from the hospital site and 1.4 miles from the existing NHC HealthCare, Hillview location. The need to replace both centers is based on both the age of the existing facilities, in the case of NHC Hillview the building is 59 years old, and in the case of the hospital unit, limitations of the existing physical plant and the inability to cost effectively modernize the patient areas to current state of the art design and amenities.

Please see map and directions included in the Attachment "Section B, Project Description - III (A) Plot Plan" on page 69A-B at the end of the application.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following: **Not Applicable**

1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total cost ;(As defined by Agency Rule).
 2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.
 - b. Provide current and proposed schedules of operations.
2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

- III. (A) Attach a copy of the plot plan of the site on an 8 ½" x 11" sheet of white paper which **must include:**
Please see drawing included in the Attachment "Section B, Project Description - III (A) Plot Plan" on page 69 at the end of the application.

1. Size of site (*in acres*); 11 acres
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The proposed center site is located in the center portion of Maury County in the City of Columbia, and is accessible to the major public transportation routes of the County. The site is located at 5004 Trotwood Ave, which is the same road Maury Regional's Skilled Unit and NHC HealthCare, Hillview are currently located on. The site is approximately 11 acres in Columbia, Maury County. Please note that there is presently no public transportation available in Maury County.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

Please see drawing included in the Attachment "Section B, Project Description - IV Floor Plan" on page 70-73 at the end of the application.

- V. For a Home Health Agency or Hospice, identify: **Not Applicable**
1. Existing service area by County;
 2. Proposed service area by County;
 3. A parent or primary service provider;
 4. Existing branches; and
 5. Proposed branches.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS**NEED****1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.**

- a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.
- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

The following has been taken from the Tennessee's Health Guidelines for Growth, Criteria and Standards for Certificate of Need, 2000.

(4) Applications for Change in Site.

When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, the Commission may consider, in addition to the foregoing factors, the following factors:

- (a) **Need.** The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change the proposed new site.

Following is a chart using DOH Population Projections based on 2010 US Census, US Census Bureau data and TennCare Enrollment data:

<i>Variable</i>	<i>Maury County</i>	<i>Tennessee</i>
2013, Age 65+	11,924	950,177
2015, Age 65+	12,774	1,012,937
Age 65+, % Change	7.13%	6.61%
Age 65+, % Total (2015)	15.48%	15.23%
2013, Total Population	82,029	6,528,014
2015, Total Population	82,526	6,649,438
Total Pop. % Change	0.61%	1.86%
TennCare Enrollees (2013)	14,601	1,199,087
TennCare Enrollees as a % of Total Population (2013)	17.80%	18.37%
Median Age (2010)	38	38
Median Household Income (2007-2011)	46,552	43,989
Population % Below Poverty Level (2007-2011)	14.8%	16.9%

Source: TN Health Statistics, US Census Bureau and TennCare Enrollment Midmonth Report for February 2013.

- (b) ***Economic factors.*** The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.

The new site is easily accessible to referring institutions and physicians in the medical community. The proposed site has 600 feet of frontage on Cedar Lane, making it a much more visible location. In addition, the proposed site is less costly per acre than the original site. In addition, site development costs will be less. The new site is adjacent and overlapping part of the original site, so it remains conveniently located in Maury County and accessible via the major traffic ways.

- (c) ***Contribution to the orderly development of health care facilities and/or services.*** The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.

Since the proposed site has better visibility and accessibility, lower acquisition costs, and reduced site development costs, we feel the benefits outweigh the delay to the project.

**CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT
OF
HEALTH CARE INSTITUTIONS**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standard for those specific activities.

The proposal is for relocation and replacement, no new beds are proposed.

2. For relocation or replacement of an existing licensed health care institution:
 - a. **The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.**

The proposed project requests the combination of two existing licensed nursing homes into one facility. However, renovation was not an alternative given the lack of a viable site at either location in which to build the new proposed single center.

- b. **The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.**

The facility is projected to open in late November of 2016. Population projections for Maury County show the continued growth of the age groups who use long term care services. In addition, Maury Regional Medical Center is a referral source who seek admission to long term care centers for their patients and can attest to the fact that the long-term care beds are needed to continue an adequate level and balance of continuity of care in Maury County. The applicant is seeking to build a 112 bed replacement center.

3. For renovation or expansion of an existing licensed health care institution:

Not Applicable, the proposal is for the relocation and replacement, no expansion is proposed.

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

NURSING HOME SERVICES

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. During the fiscal year (July 1 – June 30), the Agency shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

The Tennessee General Assembly directed that there be a pool of 125 skilled nursing facility beds available for certificate of need approval in the fiscal year from July 1, 2013 to June 30, 2014. The General Assembly also directed that nursing home bed certificates of need could be issued only for Medicare – certified skilled nursing facility beds, and that no applicant receives more than 30 such beds.

A. Need

1. According to TCA 68-11-1622, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

County bed need = .0005 x pop. 65 and under, plus
 .0120 x pop. 65 – 74
 .0600 x pop. 75 – 84
 .1500 x pop 85+

As stated above, Public Chapter No. 1112, Senate Bill No. 2463, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. Based on the above referenced bed need methodology and a Nursing Facility Bed Need: Comparison of Tennessee's Health: Guidelines for Growth 2000 vs. Statute, By Total State and County 2015, there is not a projected need in Maury County for additional nursing home beds projected for 2015. **Please see Nursing Facility Bed Need Report located in Attachment "Section C. General Criteria - 1.A. Need" located on page 77-78 at the end of the application.** This information, which is the most current available to the department, was provided and is included here for reference.

These projections demonstrate a need based on the population growth in Maury County for more skilled nursing beds.

**SNF Need Formula
Maury County Bed Need**

County Bed Need

	2015 Population	Rate	Needed Beds by Age
Population 65 & Under	69,752	0.0005	35
Population 65-74	7,723	0.012	93
Population 75-84	3,612	0.06	217
Population 85+	1,439	0.15	216
	<u>82,526</u>		<u>560</u>
		CON	(68)
		Less Existing Beds	(594)
		Need	(102)

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health

Existing beds based on licensed beds, Licensed Health Facilities, TN Dept of Health 6/13.

CON for the replacement and relocation of Rosewood Manor's 68 beds to move from Columbia to Spring Hill.

2. **The need for nursing home beds shall be projected two years into the future from the current year as calculated by the Department of Health.**

So noted by the applicant. The bed need referenced in response to Question 1 is projected to show the 2015 bed need. There is a surplus of 102 nursing beds, per this report.

3. **The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.**

So noted by the applicant. The following bed inventory was reported to the referenced agency for the 2011 Joint Annual Report for Maury County. The 68 bed CON held by Rosewood Manor is actually reported as licensed on the bed inventory. However, the beds are not in service and have not been for the last several years. The Rosewood CON includes the replacement and relocation of all center's 68 nursing home beds to Spring Hill away from the original location in Columbia.

2011 Licensed Nursing Homes in Maury County

Nursing Home	Licensed Beds	Licensed Occupancy
Life Care Center of Columbia	123	92.8%
Maury Regional Hospital SNU	20	73.7%
Mt Pleasant Health and Rehab	72	85.7%
NHC/Maury Regional HealthCare Center	106	89.7%
NHC HealthCare, Hillview	92	88.2%
Rosewood Manor	68	N/A
Signature HealthCARE of Columbia	181	70.1%
Total Less Rosewood	662 -68 594	83.1%

Source: 2011 TN JAR Summary Reports, Schedule E - Beds
2011 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

Rosewood Manor has an outstanding CON to replace and relocate the existing facility. The CON expires 9/1/13.

Please see Attachment "Section C. General Criteria – 1.A.3 Inventory and Utilization" located on page 43 at the end of the application.

4. **"Service area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.**

Since the proposed project is utilized by the elderly population most frequently, and the elderly often have difficulty with transportation and travel, the primary service has been determined to be Maury County. However, we do expect that some residents will come from outside our primary service area. Nevertheless, we have confined our need justification to Maury County where the majority of the population in the service area is located within 30 minutes travel time from the proposed facility.

Please see Attachment "Section C General Criteria - A.4. Service Area JAR Report", on page 84-86 located at the end of the application that reflects nursing home resident information by county of residence for Maury County.

5. **The Health Services and Development Agency may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:**

- a. **All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and**

Not Applicable, no new nursing home beds are proposed.

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

Maury County has seven (7) licensed nursing homes. Presently, Rosewood Manor has a CON to replace its center/beds in Spring Hill and the license has been placed in an inactive status by the Board of Licensing Health Care Facilities.

2011 Licensed Nursing Homes in Maury County

Nursing Home	Licensed Beds	Licensed Occupancy
Life Care Center of Columbia	123	92.8%
Maury Regional Hospital SNU	20	73.7%
Mt Pleasant Health and Rehab	72	85.7%
NHC/Maury Regional HealthCare Center	106	89.7%
NHC HealthCare, Hillview	92	88.2%
Rosewood Manor	68	N/A
Signature HealthCARE of Columbia	181	70.1%
Total	662	
Less Rosewood	-68	
	594	83.1%

Source: 2011 TN JAR Summary Reports, Schedule E - Beds
2011 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

Rosewood Manor has an outstanding CON to replace and relocate the existing facility. The CON expires 9/1/13. The license is currently inactive.

B. Occupancy and Size Standards:

1. **A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.**

The proposed project projects over a 90 percent annual occupancy rate for all licensed beds after two years of operation.

2. **There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently non-complying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.**

Not Applicable, no additional nursing home beds are being proposed.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

Not Applicable, no additional nursing home beds are being proposed.

4. A freestanding nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Services and Development Agency may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

The applicant proposes the replacement of 112 nursing home beds.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

At NHC, our company motto is Care is Our Business. NHC's long-range development plans for Maury County is quite simple, to provide quality long-term care services to meet the needs of the citizens of Maury County. As a long-term provider (began operations at NHC HealthCare, Hillview in 1971) in Maury County, we are keenly aware of the importance of being sensitive to growing and/or changing needs within the community as it relates to long-term care. This application is being made as a joint venture between NHC and Maury Regional Medical Center after both organizations decided to partner together in response to the continued need for post acute care to serve the needs of Maury County residents. In addition, NHC/Maury Regional Transitional Care Center, will offer a unique model and continuum of long-term care services which has not been offered before in Maury County. The center will also offer a design that emphasizes private rooms. The center will have 60 private rooms, eight (8) companion rooms where each patient has their own room with a shared bath, and eighteen (18) semi-private rooms.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

The service area for this proposed project is Maury County. This is a reasonable area since nursing residents prefer not to leave their local communities. **Please see the county level map in Attachment "Section C. General Criteria - 3 Service Area Map" located on page 90-91 at the end of the application.** The continued growth in the population group aged 65 and above as documented support the continued need for and existence of high quality of care nursing home beds in Maury County.

4. A. Describe the demographics of the population to be served by this proposal.

Describe the demographics of the population to be served by this proposal.

During the 20th century, the number of person in the United States under age 65 has tripled. At the same time, the number aged 65 and over has grown by a factor of 11. According to Census Bureau's projections, the elderly population will more than double between 1995 and the year 2050, to 80 million. By that year, as many as 1 in 5 Americans could be elderly. In 2010, persons 65 and above represented 13.0% of the total population (Census 2010).

Perhaps more significant is the rapid growth expected in oldest old age group, which are more likely to need some form of nursing home care. Thanks to the arrival of the survivors of the baby boom generation, it is expected the oldest old will number 19 million in 2050. That would make them 22 percent of elderly Americans and 4.3 percent of all Americans. (U.S. Census, *The Next Four Decades: The Older Population in the United States: 2010-2050*, 5/10).

Diagnostic Related Group (DRG) prospective payment for hospitals made a significant impact on the demand for nursing home services. The prospective payment system encourages hospitals to discharge their elderly patients to long term care facilities (Modern Healthcare, 1984). Nursing homes today still experience great demand to accommodate patients who are admitted sicker and require greater amounts of nursing care. Consequently, there exist a growing need for nursing facilities offering and providing high level and quality skilled care services (Level II). Since many of the local medical centers do not provide nursing home care, the responsibility to provide this level of service rest on local nursing home providers.

Maury County's age 65 and over population grew by 13.8% from 2010 to 2013. According to the Census 2010 figures, Maury County total population increased by 1,570 persons from 2010 to 2015 or 1.9% from 80,956 to 82,526 residents.

The age 65+ population in Maury County is projected to increase from 10,479 to 12,774 from 2010 to 2015 respectively (Source: Office of Health Statistics, TN Dept of Health). The primary population to be served by the proposal is those over the age of 65. **Please see Attachment "Section C – General Criteria – 4A Demographics of the Population Served" located on page 92-94 at the end of the application.**

Maury County Population Projections

Age					
	2010	2013	2015	2010 - 2013 % Increase	2010 - 2015 % Increase
60 - 64	4,864	5,243	5,501	7.8%	13.1%
65-74	5,858	7,042	7,723	20.2%	31.8%
75-84	3,391	3,507	3,612	3.4%	6.5%
85+	1,230	1,375	1,439	11.8%	17.0%
65+	10,479	11,924	12,774	13.8%	21.9%
Total Population	80,956	82,029	82,526	1.3%	1.9%

Source: TN Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.**

NHC/Maury Regional Transitional Care Center is proposing to replace, combine and relocate two licensed nursing homes into a new 112-bed center. Both centers being replaced are currently operating and each licensed entity is well respected within the community. Both centers currently serve the same service area and population, those patients in need of quality Medicare skilled nursing care. The services offered by this proposal address needs of the senior population, which continue to be utilized in the service area. Given the special nature of our services, accessibility will be increased if this application is approved by providing a state of the art physical plant needed to care for the kind of post acute care patient nursing home's see today.

It is and will continue to be NHC's policy to be readily accessible to consumers. The special need for nursing beds is evidenced by the demographics and high occupancy. NHC will continue to train staff and volunteers in the latest appropriate care regimens. In addition, the proposed beds will also be available for student training programs in conjunction with local community colleges and universities.

While this application reflects NHC's commitment to better care for Medicare residents, per the intent of the bed pool, the importance of meeting the needs of all socioeconomic strata has not been overlooked. NHC's quality of care standards apply equally to all patients, regardless of ability to pay.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

The information contained herein, is based on the most current information reported by the State of Tennessee and other sources. It is clear that existing services of similar institutions in the area are high and the approval of this proposal will not adversely affect them. The center's occupancy justifies the need for these additional beds.

Maury County Nursing Homes

Occupancy Data

NURSING HOMES	2009 Licensed Occupancy	2010 Licensed Occupancy	2011 Licensed Occupancy
Life Care Center of Columbia	96.3%	92.2%	92.8%
Maury Regional Hospital SNU	79.5%	79.2%	73.7%
Mt Pleasant Health and Rehab	88.6%	89.4%	85.7%
NHC/Maury Regional HealthCare Center	89.2%	91.8%	89.7%
NHC HealthCare, Hillview	90.3%	88.0%	88.2%
Rosewood Manor	90.5%	N/A	N/A
Signature HealthCare of Columbia	50.9%	66.8%	70.1%
Total	80.0%	83.0% Less Rosewood	83.1% Less Rosewood

Source: 2009, 2010, 2011 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

Rosewood Manor has an outstanding CON to replace and relocate the existing facility. The CON expires 9/1/13. The license is currently inactive.

No outstanding and/or approved CON projects exist in the proposed service area for additional beds. Rosewood Manor has a CON to replace its 68 bed nursing home in Spring Hill.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Patients and the local hospital do have difficulty to find a long term care bed in a center of their choice. The elderly population in Maury County is projected to be growing at a rapid pace, especially those over the age of 75. Consequently, there is an ever increasing need for nursing home beds. Therefore, we expect occupancy rates to remain strong for nursing home care in Maury County, especially high quality providers. In addition, as aging physical plants are updated to meet the needs and demands of the public, more options become available to patients and families seeking post acute care. Furthermore, as the population continues to grow as a whole, and the elderly population continues to grow in number, so will the need continue for nursing home beds.

Annual utilization for each of the past three (3) years at NHC HealthCare, Hillview and Maury Regional SNU are as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
NHC HealthCare, Hillview	88%	88%	88%
Maury Regional Hospital SNU	79%	73%	75%

Annual utilization for each of the two (2) years ending following completion of the project is projected to be as follows:

	<u>2017</u>	<u>2018</u>
NHC/Maury Regional HealthCare Center*	71.35	94.57
*112 bed Total Center Occupancy		

Please see Attachment, Section C, Economic Feasibility – 4, Projected Data & Historical Data Assumptions, p. 121 for the details and methodology used to project utilization.

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
 - The cost of any lease should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

The cost of this proposed project is reasonable, at \$18,161,672 for 112 nursing home beds. Costs for the proposed project are based on actual cost incurred on projects undertaken by NHC and based on the experience of Johnson & Bailey, Architects. Estimates provided are considered to be reasonable and of sound basis. **Please see Attachment "Section Economic Feasibility – 1 Architect Letter addressing Project Cost" located on page 98 at the end of the application.**

Special efforts to be made by the applicant to contain the costs of offering the proposed services are the following:

- a. Group Purchasing
- b. Shared Services
- c. Energy Conservation
- d. Controlled Management Costs
- e. Cost and Quality Control

Please see Attachment "Section Economic Feasibility – 1 Project Cost Chart" located on page 95-97 at the end of the application.

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees	676,100
2. Legal, Administrative, Consultant Fees	121,200
3. Acquisition of Site (Building, including estimated closing costs)	900,600
4. Preparation of Site	1,146,200
5. Construction Costs	12,004,000
6. Contingency Fund	600,200
7. Fixed Equipment (Not included in Construction Contract)	404,600
8. Moveable Equipment (List all equipment over \$50,000)	1,294,200
9. Other (Specify) Landscaping, pre-opening, impact fees	623,300

B. Acquisition by gift, donation or lease:

1. Facility (Inclusive of building and land)	_____
2. Building Only	_____
3. Land Only	_____
4. Equipment (Specify)	_____
5. Other (Specify)	_____

C. Financing costs and Fees:

1. Interim Financing	350,500
2. Underwriting Costs	_____
3. Reserve for One Year's Debt Service	_____
4. Other (Specify)	_____

D. Total Estimated Project Cost (A + B + C)	18,120,900
--	------------

E. CON Filing Fee	40,772.03
-------------------	-----------

F. Total Estimated Project Cost (D + E)	\$ 18,161,672
--	---------------

2013 JUL 12 AM 11 56

NHC/Maury Regional Transitional Care Center

Project Costs Charts Assumptions

Architectural/Engineering

Architect	\$ 553,100
Civil and Landscaping	48,000
Materials and SWWP Inspection	40,000
Test & balance study	35,000
Total	<u>\$ 676,100</u>

Fixed Equipment

Kitchen, Laundry, Asst. Bathing, Signage & Miscellaneous	<u>\$ 404,600</u>
--	-------------------

Other Costs

Landscaping	\$ 125,000
Impact Fees	50,000
Development Fee	348,300
Start up costs (pre-opening)	100,000
Total	<u>\$ 623,300</u>

2. Identify the funding sources for this project.

- a. Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

The proposed project has the following source of funds: A commitment of capital cost reflected on the Project Cost Chart has been secured from National HealthCare Corporation. Additionally, a commitment of working capital has been secured from National HealthCare Corporation. Debt incurred for the project will be retired as reflected on the Projected Data Chart.

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

Please see letter indicating the required information in Attachment "Section C Economic Feasibility – 2" located on page 100 at the end of the application.

- ☐ F. Other—Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The proposed project is reasonable in relation to similar facilities in the state. The total cost per bed is \$162,158 which is reasonable in relation to similar types of projects in the state. Project costs are reasonable and inline with our past experience. Thus, quality nursing services and the continuum of care will be expanded in the local area cost effectively.

Following is information obtained from HSDA regarding the construction ranges for nursing home CONs approved between 2010 and 2012. This project falls between the 2nd and 3rd Quartile.

Nursing Home Construction Cost Per Square Foot Years: 2010 – 2012

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$19.30/sq ft	\$164.57/sq ft	\$73.23/sq ft
Median	\$35.76/sq ft	\$167.31/sq ft	\$164.57/sq ft
3rd Quartile	\$55.00/sq ft	\$181.72/sq ft	\$167.61/sq ft

Source: CON approved applications for years 2010 through 2012

4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Please see Attachment "Section C Economic Feasibility – 4 Historical Data Chart & Projected Data Chart Assumptions" located on pages 112 and 138 at the end of the application.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge. Projected Data Chart, page 118 was used as the source for the requested calculations.

	Year One (Patient Days 29,166)	Year Two (Patient Days 38,659)
Average Gross Charge	\$489.24	\$510.63
Average Deduction	\$135.88	\$146.64
Average Net Charge	\$353.36	\$363.99

HISTORICAL DATA
Combined NHC and Maury Regional Operations

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	2010	2011	2012
A. Utilization Data (Specify unit of measure) Patient Days	35,235	35,152	35,264
Licensed Beds	112	112	112
% Occupancy (Licensed Beds)	86.19%	85.99%	86.03%
Operating Beds	105	104	101
% Occupancy (Licensed Beds)	91.94%	92.60%	95.40%
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 14,130,823	\$ 15,366,155	\$ 16,969,538
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue	17,317	12,309	10,704
(Specify) (Cafeteria Sales, vending, etc)			
Gross Operating Revenue	\$ 14,148,140	\$ 15,378,464	\$ 16,980,242
C. Deductions for Operating Revenue			
1. Contractual Adjustments	(4,395,650)	(5,125,156)	(6,706,654)
2. Provision for Charity Care	(1,868)	(1,963)	(2,221)
3. Provisions for Bad Debt	(93,299)	(50,177)	(44,178)
Total Deductions	\$ (4,490,817)	\$ (5,177,296)	\$ (6,753,053)
NET OPERATING REVENUE	\$ 9,657,323	\$ 10,201,168	\$ 10,227,189
D. Operating Expenses			
1. Salaries and Wages	4,209,896	4,529,211	4,450,497
2. Physician's Salaries and Wages (Medical Services)	51,576	44,996	45,268
3. Supplies	240,750	229,729	225,283
4. Taxes	56,829	56,889	56,844
5. Depreciation	273,661	267,852	244,607
6. Rent	553,313	562,805	555,211
7. Interest, other than Capital	155	185	193
8. Management Fees:			
a. Fees to Affiliates	209,711	223,808	233,330
a. Fees to Non-Affiliates	112,498	111,621	108,000
9. Other Expenses (Specify)	4,185,118	4,458,918	4,727,021
Total Operating Expenses	\$ 9,893,507	\$ 10,486,014	\$ 10,646,254
E. Other Revenue (Expenses)—Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ (236,184)	\$ (284,846)	\$ (419,065)
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
Total Capital Expenditures	\$ -	\$ -	\$ -
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ (236,184)	\$ (284,846)	\$ (419,065)

July 26, 2013

9:44 am

2013 JUL 26 AM 9 45

HISTORICAL DATA CHART Maury Regional Operations

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	2010	2011	2012
A. Utilization Data (Specify unit of measure) Patient Days	5,679	5,517	5,351
Licensed Beds	20	20	20
% Occupancy (Licensed Beds)	77.79%	75.58%	73.10%
Operating Beds	19	19	17
% Occupancy (Licensed Beds)	81.89%	79.55%	86.00%
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 5,883,894	\$ 6,692,876	\$ 7,150,186
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue			
(Specify) (Cafeteria Sales, vending, etc)			
Gross Operating Revenue	\$ 5,883,894	\$ 6,692,876	\$ 7,150,186
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (3,216,924)	\$ (3,951,987)	\$ (4,700,668)
2. Provision for Charity Care			
3. Provisions for Bad Debt			
Total Deductions	\$ (3,216,924)	\$ (3,951,987)	\$ (4,700,668)
NET OPERATING REVENUE	\$ 2,666,970	\$ 2,740,889	\$ 2,449,518
D. Operating Expenses			
1. Salaries and Wages	\$ 1,512,618	\$ 1,643,111	\$ 1,702,187
2. Physician's Salaries and Wages (Medical Services)			
3. Supplies	51,898	45,534	59,765
4. Taxes			
5. Depreciation	49,470	49,083	48,929
6. Rent	8,140	2,445	2,452
7. Interest, other than Capital			
8. Management Fees:			
a. Fees to Affiliates			
a. Fees to Non-Affiliates	112,498	111,621	108,000
9. Other Expenses (Specify) See Attached Schedule	829,561	862,322	868,383
Total Operating Expenses	\$ 2,564,185	\$ 2,714,116	\$ 2,789,716
E. Other Revenue (Expenses)--Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ 102,785	\$ 26,773	\$ (340,198)
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
Total Capital Expenditures	\$ -	\$ -	\$ -
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ 102,785	\$ 26,773	\$ (340,198)

Salaries	
Benefits	
Purchased Service	
Repairs & Maintenance	
Other Expenses	
Utilities	
Professional Fees	
Allocated Costs	
Laundry	
Housekeeping	
Dietary	
Miscellaneous	
TOTAL	

2010			2011			2012		
Salaries	Other	Total	Salaries	Other	Total	Salaries	Other	Total
\$1,512,618	349,717	\$1,512,618	\$1,643,111	380,822	\$1,643,111	\$1,702,187	403,249	\$1,702,187
	4,001	349,717		14,517	380,822		22,981	403,249
	1,250	4,001		1,472	14,517		1,051	22,981
	48,998	1,250		54,656	1,472		46,737	1,051
	847	48,998			54,656			46,737
	9,600	847		8,481	-		7,688	-
	324,555	9,600		315,297	8,481		291,851	7,688
	31,848	324,555		29,460	315,297		38,364	291,851
	19,219	31,848		19,219	29,460		19,219	38,364
	39,526	19,219		38,398	19,219		37,243	19,219
		39,526			38,398			37,243
\$1,512,618	\$ 829,561	\$2,342,179	\$1,643,111	\$ 862,322	\$2,505,433	\$1,702,187	\$ 868,383	\$2,570,570

HISTORICAL DATA CHART

NHC Operations

2013 JUL 12 AM 11 57

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	2010	2011	2012
A. Utilization Data (Specify unit of measure) Patient Days	29,556	29,635	29,913
Licensed Beds	92	92	92
% Occupancy (Licensed Beds)	88.02%	88.25%	88.84%
Operating Beds	86	85	84
% Occupancy (Licensed Beds)	94.16%	95.52%	97.30%
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 8,246,929	\$ 8,673,279	\$ 9,819,352
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue	17,317	12,309	10,704
(Specify) (Cafeteria Sales, vending, etc)			
Gross Operating Revenue	\$ 8,264,246	\$ 8,685,588	\$ 9,830,056
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (1,178,726)	\$ (1,173,169)	\$ (2,005,986)
2. Provision for Charity Care	(1,868)	(1,963)	(2,221)
3. Provisions for Bad Debt	(93,299)	(50,177)	(44,178)
Total Deductions	\$ (1,273,893)	\$ (1,225,309)	\$ (2,052,385)
NET OPERATING REVENUE	\$ 6,990,353	\$ 7,460,279	\$ 7,777,671
D. Operating Expenses			
1. Salaries and Wages	\$ 2,697,278	\$ 2,886,100	\$ 2,748,310
2. Physician's Salaries and Wages (Medical Services)	51,576	44,996	45,268
3. Supplies	188,852	184,195	165,518
4. Taxes	56,829	56,889	56,844
5. Depreciation	224,191	218,769	195,678
6. Rent	545,173	560,360	552,759
7. Interest, other than Capital	155	185	193
8. Management Fees:			
a. Fees to Affiliates	209,711	223,808	233,330
a. Fees to Non-Affiliates			
9. Other Expenses (Specify) See Attached Schedule	3,355,557	3,596,596	3,858,638
Total Operating Expenses	\$ 7,329,322	\$ 7,771,898	\$ 7,856,538
E. Other Revenue (Expenses)—Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ (338,969)	\$ (311,619)	\$ (78,867)
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
Total Capital Expenditures	\$ -	\$ -	\$ -
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$ (338,969)	\$ (311,619)	\$ (78,867)

NHC/Maury Regional Transitional Care Center
HISTORICAL DATA CHART SUPPLEMENT
ANALYSIS OF HISTORICAL OPERATING EXPENSES

	2010			2011			2012		
	Salaries	Other	Total	Salaries	Other	Total	Salaries	Other	Total
Nursing	\$1,722,799	\$ 565,434	\$2,288,233	\$1,860,542	\$ 687,212	\$2,547,754	\$1,789,616	\$ 663,970	\$ 2,453,586
Social Services	83,808	35,390	119,198	88,136	42,691	130,827	101,304	54,849	156,153
Activities	45,369	17,981	63,350	48,286	20,272	68,558	48,512	25,933	74,445
Dietary	203,196	327,300	530,496	233,816	334,303	568,119	201,716	321,928	523,644
Plant Operations	61,747	211,680	273,427	56,236	205,190	261,426	54,304	202,357	256,661
Housekeeping	113,521	31,878	145,399	122,529	46,869	169,398	119,344	42,011	161,355
Laundry	63,228	40,538	103,766	60,683	37,693	98,376	67,834	48,503	116,337
Medical Records	51,237	34,179	85,416	56,023	36,945	92,968	54,402	32,726	87,128
Administrative & General	337,261	423,480	760,741	340,415	472,641	813,056	292,075	491,841	783,916
State License Fee		204,700	204,700		204,700	204,700		204,700	204,700
Insurance		5,962	5,962		6,101	6,101		6,518	6,518
IV Therapy		79,253	79,253		50,149	50,149		72,015	72,015
Pharmacy		489,607	489,607		480,396	480,396		516,703	516,703
Occupational Therapy		300,527	300,527		334,594	334,594		425,668	425,668
Speech Therapy		117,353	117,353		105,650	105,650		117,223	117,223
Inhalation Therapy		32,046	32,046		33,875	33,875		42,487	42,487
Physical Therapy	15,112	377,621	392,733	19,434	429,811	449,245	19,203	522,535	541,738
Audiology									
Laboratory		18,847	18,847		18,879	18,879		20,649	20,649
X-Ray		13,549	13,549		15,034	15,034		17,665	17,665
Transportation		14,447	14,447		20,796	20,796		13,829	13,829
Beauty and Barber		13,785	13,785		12,795	12,795		14,528	14,528
Miscellaneous									
TOTAL	\$2,697,278	\$3,355,557	\$6,052,835	\$2,886,100	\$3,596,596	\$6,482,696	\$2,748,310	\$ 3,858,638	\$ 6,606,948

2013 JUL 12 AM 11 57
HISTORICAL DATA CHART
Maury Regional Operations

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	2010	2011	2012
A. Utilization Data (Specify unit of measure) Patient Days			
Licensed Beds	5,679	5,517	5,351
% Occupancy (Licensed Beds)	20	20	20
Operating Beds	77.79%	16.43%	15.89%
% Occupancy (Operating Beds)	19	19	19
% Occupancy (Licensed Beds)	81.89%	79.55%	76.95%
B. Revenue from Services to Patients			
1. Inpatient Services	\$ 5,883,894	\$ 6,692,876	\$ 7,150,186
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue			
(Specify) (Cafeteria Sales, vending, etc)			
Gross Operating Revenue	\$ 5,883,894	\$ 6,692,876	\$ 7,150,186
C. Deductions for Operating Revenue			
1. Contractual Adjustments	\$ (3,216,924)	\$ (3,951,987)	\$ (4,700,668)
2. Provision for Charity Care			
3. Provisions for Bad Debt			
Total Deductions	\$ (3,216,924)	\$ (3,951,987)	\$ (4,700,668)
NET OPERATING REVENUE	\$ 2,666,970	\$ 2,740,889	\$ 2,449,518
D. Operating Expenses			
1. Salaries and Wages	\$ 1,512,618	\$ 1,643,111	\$ 1,702,187
2. Physician's Salaries and Wages (Medical Services)			
3. Supplies	51,898	45,534	59,765
4. Taxes			
5. Depreciation	49,470	49,083	48,929
6. Rent	8,140	2,445	2,452
7. Interest, other than Capital			
8. Management Fees:			
a. Fees to Affiliates			
a. Fees to Non-Affiliates			
9. Other Expenses (Specify) See Attached Schedule	942,059	973,943	976,383
Total Operating Expenses	\$ 2,564,185	\$ 2,714,116	\$ 2,789,716
E. Other Revenue (Expenses)--Net (Specify)			
NET OPERATING INCOME (LOSS)	\$ 102,785	\$ 26,773	\$ (340,198)
F. Capital Expenditures			
1. Retirement of Principal			
2. Interest			
Total Capital Expenditures	\$ -	\$ -	\$ -
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$ 102,785	\$ 26,773	\$ (340,198)

NHC/Maury Regional Transitional Care Center
HISTORICAL DATA CHART SUPPLEMENT
ANALYSIS OF HISTORICAL OPERATING EXPENSES

	2010		2011		2012	
	Salaries	Other	Salaries	Other	Salaries	Other
Salaries	\$1,512,618		\$1,643,111		\$1,702,187	
Benefits		349,717		380,822		403,249
Purchased Service		116,499		126,138		130,981
Repairs & Maintenance		1,250		1,472		1,051
Other Expenses		48,998		54,656		46,737
Utilities		847		-		-
Professional Fees		9,600		8,481		7,688
Allocated Costs		324,555		315,297		291,851
Laundry		31,848		29,460		38,364
Housekeeping		19,219		19,219		19,219
Dietary		39,526		38,398		37,243
Miscellaneous						
TOTAL	\$1,512,618	\$ 942,059	\$1,643,111	\$ 973,943	\$1,702,187	\$ 976,383
		\$2,454,677		\$2,617,054		\$2,678,570

2013 JUL 12 AM 11 57
PROJECTED DATA CHART

Give information for the two (2) years following completion of this proposal. The fiscal year begins in November (Month).

	Jun-17	Jun-18
A. Utilization Data (Specify unit of measure) (Patient Days)	29,166	38,659
(Specify unit of measure) (% Occupancy)	71.35%	94.57%
B. Revenue from Services to Patients		
1. Inpatient Services	\$14,269,221	\$19,740,620
2. Outpatient Services		
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	\$ 14,269,221	\$ 19,740,620
C. Deductions for Operating Revenue		
1. Contractual Adjustments	\$ (3,937,225)	\$ (5,633,757)
2. Provision for Charity Care	(4,178)	(5,674)
3. Provisions for Bad Debt	(21,594)	(29,514)
Total Deductions	\$ (3,962,997)	\$ (5,668,945)
NET OPERATING REVENUE	\$ 10,306,224	\$ 14,071,675
D. Operating Expenses		
1. Salaries and Wages	\$ 3,211,174	\$ 4,066,918
2. Physician's Salaries and Wages	60,001	61,800
3. Supplies	237,017	323,714
4. Taxes	155,306	159,965
5. Depreciation	129,420	129,420
6. Rent	1,180,723	1,204,338
7. Interest, other than Capital		
8. Management Fees		
a. Fees to Affiliates	515,311	703,584
b. Fees to Non-Affiliates		
9. Other Expenses (Specify) - SEE ATTACHED SCHEDULE	5,629,521	7,277,048
Total Operating Expenses	\$ 11,118,473	\$ 13,926,787
E. Other Revenue (Expenses)—Net (Specify)		
NET OPERATING INCOME (LOSS)	\$ (812,249)	\$ 144,888
F. Capital Expenditure		
1. Retirement of Principal		
2. Interest		
Total Capital Expenditures	\$ -	\$ -
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ (812,249)	\$ 144,888

PROJECTED DATA CHART SUPPLEMENT
 NHC/Maury Regional Transitional Care Center
 PROJECTED DATA
 YEAR 1

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy		\$ 85,155	\$ 85,155
Occupational Therapy		711,643	711,643
Physical Therapy		785,021	785,021
Speech Pathology		143,199	143,199
Pharmacy		903,351	903,351
Lab and Radiology		102,868	102,868
IV Therapy		145,755	145,755
Nursing Service	2,085,800	886,372	2,972,172
Social Service	108,701	55,699	164,400
Activities	50,346	28,503	78,849
Dietary	256,232	385,072	641,304
Plant Operations	65,671	473,748	539,419
Housekeeping	195,017	85,278	280,295
Laundry and Linen	79,950	46,127	126,077
Medical Records	64,892	36,630	101,522
Adminstrative and General	<u>304,565</u>	<u>755,100</u>	<u>1,059,665</u>
Totals	<u>\$3,211,174</u>	<u>\$5,629,521</u>	<u>\$ 8,840,695</u>

PROJECTED DATA CHART SUPPLEMENT
 NHC/Maury Regional Transitional Care Center
 PROJECTED DATA
 YEAR 2

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
Inhalation Therapy		\$ 116,414	\$ 116,414
Occupational Therapy		1,070,253	1,070,253
Physical Therapy		1,072,903	1,072,903
Speech Pathology		146,894	146,894
Pharmacy		1,234,771	1,234,771
Lab and Radilology		140,444	140,444
IV Therapy		199,179	199,179
Nursing Service	\$2,719,789	1,045,705	3,765,494
Social Service	167,127	77,669	244,796
Activities	58,044	37,601	95,645
Dietary	324,403	520,379	844,782
Plant Operations	67,313	481,177	548,490
Housekeeping	236,516	110,625	347,141
Laundry and Linen	97,194	60,478	157,672
Medical Records	73,103	48,601	121,704
Adminstrative and General	<u>323,429</u>	<u>913,955</u>	<u>1,237,384</u>
Totals	<u>\$4,066,918</u>	<u>\$7,277,048</u>	<u>\$ 11,343,966</u>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Please see Attachment "Section C Economic Feasibility – 6B" located on pages 124-126 at the end of the application.

Medicare RUG rates are inflated 2.0% annually. The proposed project has charges consistent with those found in the market.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

NHC/Maury Regional Transitional Care Center proposed addition contemplates the addition of Medicare beds. Medicare reimburses providers via a prospective payment system. Providers are compensated equally based on the particular service rendered.

Please see Attachment "Section C Economic Feasibility – 6B" located on pages 139-143 at the end of the application.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Utilization rates are projected for the project at a conservative rate. Projection assumptions are for 106 of the 112 beds, on average, to be occupied starting in year two. In addition, due to economies of scale, the new center, replacing the two separately operating centers, will have operational efficiencies with 112 beds that the existing centers do not share.

Please see Attachment "Section C Economic Feasibility – 4 Historical and Projected Data Chart" for the Occupancy Summary located on page 121 at the end of the application.

8. **Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.**

The center proforma projections show it to be financially viable (see Project Cost Data) within the second year as it will have sufficient positive cash flow. (See Projected Data Chart)

9. **Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.**

Medicare, insurance and private funded payment sources will be served by the center. Patient payor mix for NHC/Maury Regional Transitional Care Center is projected in the proforma for year two as 37% Medicare, 16% managed care, and 53% private. Although, on admission, Medicare patients account for almost 100% of the discharges from acute care centers. The estimated Medicare gross operating revenue for year 2 is \$9,828,135. The centers focus will be on skilled services includes rehabilitation for the Medicare program along with managed care and private insurance for those patients needing services upon discharge from acute care facilities.

Please see the table "Applicant's Projected Payor Mix by Level of Care" in Attachment "Section C, Economic Feasibility -4, Historical & Projected Data Charts w/Assumptions located on page 138 at the end of the application.

10. **Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.**

Please see copies of the balance sheet and income statements from the most recent reporting periods of NHC in Attachment "Section C Economic Feasibility - 10 located on pages 101-111 at the end of the application.

July 26, 2013

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

After compiling all of the facts, it was decided that the best alternative would be to replace the two separately licensed facilities with one new building in a joint venture project to be known as NHC/Maury Regional Transitional Care Center. In addition, no new beds are being requested. This proposal will allow NHC/Maury Regional Transitional Care Center to meet the long-term care needs of the residents of Maury County in the coming years.

(a) Do nothing and continue to operate at the two existing sites. Both entities in the joint venture could continue to operate at their existing locations. However, neither location is ideal for the delivery of state of the art long term care. Both locations have outlived their usefulness given their space and physical plants. The propose change in site and consolidation will provide better access and visibility for the project along a major road in Columbia. In addition, the population of the county indicates a continued need for the existing beds to accommodate the population of Maury County.

(b) Request additional beds. This proposal was really not considered because of the lack of addition bed need based on the current formula.

(c) Build two separate centers. This proposal was considered but rejected based on project financial feasibility and our goal to partner in offering the citizens of Maury County a single new state of the art long term care replacement center.

(d) Build a single replacement Center on a new site and combine the two operations. This proposal was considered and accepted. Different sites in the area were explored and a new site has been selected that proposes relocates the beds to a visible and accessible site. This area of town is still close to the medical center and provides good access to other areas of Maury County. This proposal is being pursued because it meets the projected needs and orderly development of the health care community in Maury County.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

NHC/Maury has chosen new construction since all has been done in the past through renovation and modernize with the former two licensed properties.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. **List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.**

Agreements are established between all relevant health care providers in the community including but not limited to the following:

Health Care Providers (transfer agreements)

1. Maury Regional Medical Center
2. Williamson Medical Center
3. Vanderbilt University Medical Center
4. Saint Thomas Medical Center
5. Baptist Hospital
6. Centennial Medical Center
7. Skyline Medical Center
8. Network Pharmacy
9. Behavioral Health Care
10. Fresenius Dialysis
11. Davita Dialysis
12. Other Area Maury County, and other surrounding area health care providers

Contractual relationships will be drawn up with a Medical Director, Dietary Consultant, Physical Therapist, Medical Record Consultant, and Therapists for other treatment such as oxygen therapy. Contractual relationships are established with local dentists, optometrists, gerontologists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist will be a member of the Pharmacy Committee, and a local pharmacy is awarded a contract to supply medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the State Department of Public Health with regard to agreements, contractual arrangements and participation by health care professionals. The following is the process which has been established to coordinate and provide for a continuum of care in the project in conjunction with other providers:

Purpose: The purpose of being actively involved in the community continuum of care is to provide the consumer within our market area the opportunity to acquire the most appropriate level and type of services for his/her needs. These needs relate to medical support, personal care, personal maintenance and nutritional guidance. We will focus on coordinating our services with other health care providers through effective communication and teamwork.

Targeted Population: Although the targeted population is diverse due to the multifaceted nature of the continuum of care, two groups dominate NHC's particular services on the continuum.

1. Individuals in other community settings who need services devoted to rehabilitation and short-term stays in the healthcare center.
2. Persons who can no longer be maintained or cared for in their current setting and need 24-hour care for chronic and/or debilitating conditions of a long-term nature.

Methodology:

Step 1: Maintain a listing of Current Community Resources-This listing is categorized according to type of service contact person for each organizations. Standard categories, with the function as it relates to our facility include the following:

<u>Organization</u>	<u>Function</u>
Hospitals	Discharge sub-acute patients to more cost-effective nursing centers.
Hospices	Care for special group of terminally ill.
Residential Facilities	Residential institution for those unable to maintain independent lifestyles but do not need intense Medical Care.
Assisted Living	Group environment to prevent immediate admission to long-term care facility.
Home Health Care	Provides Medical treatment on less expensive environment than institution.
Home Support	Household or personal services essential to any home health care program.
Adult Day Care (ADCC)	Needed respite service for family support while care provided at home.
Nutrition Programs	Health promotions service which also acts to encourage socialization and prevent isolation.
Senior Centers/ Recreation Services	Acts to improve quality of life and encourages socialization

Step 2: All potential nursing center patients and referrals are pre-screened to determine whether the person's condition warrants admission to the nursing center. If admission to the nursing center is not appropriate, and if the person's condition is such that he can be cared for at home with assistance, the Admissions Director and the Social Services Director will refer the person and his family to the appropriate service provider. This will ensure that elderly persons are not being inappropriately admitted to the nursing center and coordination of other services is maintained.

For elderly persons admitted to the nursing center, discharge planning will ensure that patients are discharged to a non-institutional setting when their physical condition improves. Discharge planning begins upon the patient's admission to the center. At that time, the Admissions Director and Social Services Director will meet with the patient and his family to discuss the availability of suitable accommodations following discharge as determined by the initial assessment.

The patient's progress is monitored and reassessed on a regular basis to determine whether the patient is a candidate for transfer to the community. The Social Services Director, who is part of the center's interdisciplinary care team, will update each patient's medical record with progress notes regarding discharge planning on a regular basis. If discharge has been determined to be appropriate, the Social Services Director will advise the patient and his family of the availability of community support systems, such as home health care, adult day care, etc. The Social Services Director will serve as the liaison between the patient, his family, and the appropriate provider to coordinate the discharge home and the linkage for support services.

Linkages to facilitate referrals and transfers are established through formal working agreements and referral arrangements. These agreements are established prior to facility opening to ensure immediate linkages. Given the fact that National HealthCare has operated in Maury County, the proposed 30 beds will benefit from established referral agreements with the targeted organizations listed above.

Responsible Position: The center's Admissions Director and Social Services Director are responsible for ensuring that potential patients who inquire at the center for admission are referred to the appropriate provider if admission to the nursing center is not warranted or if such service is needed. The Social Services Director is responsible for discharge planning to ensure that patients are discharged from the center when they are ready and that transfer to a semi-institutional setting or to home with appropriate support services is successfully coordinated. Through their ongoing work, the Admissions Director and Social Services Director will maintain linkages and working relationships with providers of non-institutional services.

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

- 1) Become a strong link in the chain of health care providers as it relates to an overall continuum of care.
- 2) Improve and enhance proper service utilization.
- 3) Improve patient medical conditions by using available avenues.
- 4) Reduce cost by eliminating duplication of services.

Measurement of Outcome: The Admissions Director and Social Services Director will maintain a record of inquiries and referrals of elderly persons seeking long-term care services. These records are reviewed through Quality Assurance and state licensure surveys to determine if appropriate referrals are being made.

Patient medical records are reviewed on a regular basis by the interdisciplinary care team to determine if discharge from the nursing center is appropriate, and if discharge planning goals are being updated or modified. Discharge planning will also be monitored through Quality Assurance surveys and state licensure surveys. Utilization review is conducted every month for Medicare patients. Monitoring of discharge planning will promote the utilization of less intensive, non-institutional services whenever possible.

To integrate and utilize other providers in the health care network the center has established and will have linkages with others in the health care network through the following process:

Purpose: To promote the utilization of less intensive, non-institutional services such as home health care, adult day care, meals on wheels, etc. Since the proposed nursing center will not offer these services, linkages are established with providers of these services to ensure accessibility and transfer when appropriate by nursing center patients.

Targeted Population: Persons targeted for referral to non-institutional services are those nursing center patients whose health has improved to the point where they no longer require 24-hour nursing supervision and are eligible for transfer to home or to a semi-institutional setting, with support services. Referrals will also be made for persons inquiring at the center for long-term care services, but whom after pre-screening, are determined to be inappropriate for nursing home admission.

Linkages will be established at NHC/Maury Regional Transitional Care Center consistent with those already developed by NHC's existing center with the following providers in Maury County and the surrounding area to provide services not offered by the center:

Home Health

1. Maury Regional Home Care
2. Quality First Home Care
3. Amedisys Home Care
4. NHC HomeCare
5. Home Health Care of Middle Tennessee
6. Other area home care providers

Hospice

1. Caris Healthcare
2. Hospice Compassus
3. Other area hospice providers

Assisted Living Centers

1. The Bridge at Life Care
2. Poplar Estates
3. Morning Pointe
4. Sterling House
5. Willow Springs

Desired Outcome: The desired outcome is to ensure that discharges and/or referrals to non-institutional support services are available and coordinated in a timely manner for patients who no longer require nursing home care and for elderly inquiring at the center for services, but who are inappropriate for admission.

Consequently, transfer agreements are established between all relevant health care providers in the community.

Contractual relationships are established with local dentists, optometrists and other specialized physicians, in order to meet the needs of the patients.

A licensed pharmacist is a member of the Pharmacy Committee, and a local pharmacy is awarded a contract to supply medications for the patients. If a patient does not wish to use the pharmacy with which the facility has contracted, the patient will have the choice of the pharmacy he chooses to use provided the pharmacy agrees to the mandates of the State regulations and the rules and regulations of the nursing home.

It is the intent of this facility to meet all the requirements of the State Department of Public Health with regard to agreements, contractual arrangements and participation by health care professionals.

2. **Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.**

NHC-Maury Regional HealthCare, LLC is requesting to replace existing beds by constructing a 112 bed nursing home to be called NHC/Maury Regional Transitional Care Center. The results of which would seem to have only positive effects for the consumer in Maury County. There should be no instances of duplication or adverse competition arising from the proposal as NHC/Maury Regional Transitional Care Center will offer services it presently provides, but in a state of the art building more conducive to post-acute care and care expectations of today's consumers. Both parties in the joint venture enjoy longstanding positive relationships in the community.

National HealthCare Corporation is one of the largest providers of long term care beds and services in the State of Tennessee, of which NHC-Maury Regional HealthCare, LLC is 80% owned. Maury Regional Medical Center, a 20% owner in the applicant, is likewise large acute care provider operating hospitals and brings to the table an extensive history and expertise in patient care in the region. NHC/Maury Regional Transitional Care Center is committed to providing the highest quality of care at maximum efficiency. Through the proposed project NHC will continue with this commitment and will thus improve both efficiency and care.

This project serves a need by offering the residents of Maury County, and the residents of Tennessee, as a whole, continued alternatives in healthcare services. The proposed project will also serve as a referral source for doctors and area hospitals.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Please see Attachment "Section C Economic Feasibility – 4" located on page 137 at the end of the application for the current and/or anticipated staffing pattern for all employees providing patient care for the project reported using FTEs for these positions.

Please see Attachment "Section III Contribution of Orderly Development – 3" located on pages 144-148 at the end of the application for the comparison of the clinical staff salaries to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development.

4. **Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.**

Please see Attachment "Section C Economic Feasibility – 4" located on page 137 at the end of the application for a listing projected human resources required by the proposal per the licensing requirements of the Department of Health. The 112 bed center will require staffing of 112.6 FTE's of which 46.2 FTE's are CNA's. The applicant has approved CNA training programs in-house and has the ability to staff the projected FTE increase based on its current staff and potential employees on file.

5. **Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs*, record keeping, and staff education.**

The applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. Specifically, the applicant is familiar with the Rules of the Tennessee Department of Health, Board for Licensing Health Care Facilities, Chapter 1200-8-6, Standards for Nursing Homes. NHC HealthCare, Hillview located in Maury County, has been part of NHC since 1971 and the Maury Regional Skilled Unit has been managed by NHC since 1996. Since that time, the centers have been operated in good standing according to the rules of the State of Tennessee, Department of Health for nursing homes.

6. **Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

Since NHC has been established in the market since 1971, applicants can be drawn from resumes kept on file for employment. NHC has had interest from professional nursing personnel in the community. NHC recognizes that staffing shortages are an issue across the nation. Nevertheless, NHC has operated in Maury County since 1971 and based on that experience, does not expect to have a problem staffing the proposed project.

Staffing at long-term health care facilities is, of course, dependent on the availability of licensed and unlicensed personnel in the market area. While a review of the general market area of this facility indicates that NHC's recruitment efforts should have little impact on existing facilities, as NHC HealthCare, Hillview and the Maury Regional Skilled Unit are fully staff. NHC has a company-wide policy to provide in-house education and incentive programs to assist in obtaining licensed as well as certified non-licensed personnel. To begin with, it is Company policy that each health care center owned or managed by NHC will have two employees attending nursing school under a scholarship program.

Secondly, NHC has identified areas in which there appear to be acute shortages of licensed personnel and in these areas has an active scholarship program at all 2 and 4-year nursing schools, as well as ongoing recruitment effort with the graduating high school classes. This program, which was initiated in 1987, has attained excellent success. In addition to the educational push for licensed personnel, the Company operates a full in-house certification program for nurse aides and technicians. This program, which is headed up by a registered nurse located in Maury County, Tennessee, concentrates on utilizing existing vocational schools and/or nonprofit groups to provide classroom space. Classes are run, on the average, every two months and reach a dozen or so potential nurse aides or technicians in each program. At the end of the course, the individuals who graduate are eligible to participate as certified nurse aides in all of the southeastern states which have such certification courses.

Finally, the Company runs an intensive administrator-in-training program, which takes college graduates and works them through a 24-month training program, learning every aspect of the management and administration of long-term health care centers. More than half of the company's administrators are presently graduates of this program. All in all, the company has the highest commitment to the continuing education of its employees and the recruitment of qualified outside individuals with an intent

to assist their educational activities to help meet the continuing health care needs of the aging population of America.

National HealthCare Corporation prides itself and owes much of its success to its over 14,000 partners. NHC realizes that staffing of medical facilities across the country is becoming more of a problem. However, NHC has managed to avoid many of the staffing problems experienced by other operators by offering competitive salaries and extended benefits to all levels of personnel. The NHC philosophy is to operate as a team, with every job having equal bearing on our desired goal to provide the best possible long term health care to the growing elderly population. All company partners are carefully screened for each job to ensure that the best possible placement is made. The company attitude toward all its employees along with competitive salaries and a friendly, secure, professional work environment has enabled NHC to attract the kind of team that has made it so successful for over thirty four years. NHC also has many strict requirements and company training programs (which are nationally recognized) that continue the level of expertise necessary to deliver state of the art nursing care. Consequently, NHC has an outstanding record for low staff turnover in the industry.

NHC/Maury Regional Transitional Care Center will draw nurses from the surrounding market area. Staff is often acquired from local advertising, recruitment at area colleges, and word of mouth from other employees. Applicants can be drawn from resumes kept on file at NHC's existing center.

To provide access by health professional schools and behavioral research projects NHC has established the following:

Purpose: The purpose of NHC's established and proven recruitment plan is to recruit and maintain staff in a variety of disciplines necessary to meet the needs of residents and provide high quality patient care. The recruitment plan is also used to eliminate and/or reduce reliance on nursing pool personnel and to recruit the highest quality personnel available in the area with the potential for career advancement and longevity. The beneficiaries of staffing retention are the patients that are provided with continuous, superior care.

Targeted Staff Categories: All staff categories, including nursing, social service, administration, dietary, housekeeping, laundry, and maintenance. Particular emphasis is placed on professional and non-professional nursing personnel. NHC has experienced its primary shortage of staff in nurses and nurse aides, and has targeted increased efforts toward the recruitment of personnel in these positions.

Methodology: This recruiting plan has been approved by the management of NHC and has been implemented in all 75 facilities owned and/or managed by NHC. NHC/Maury Regional Transitional Care Center will use the following methods:

National HealthCare Corporation's philosophy whenever adding new beds is that the time and effort expended prior to opening in obtaining quality personnel is beneficial for both the company and the patients of the facility. Thus, considerable effort is used to recruit a staff for the facility that meets the following major criteria:

- 1) Each staff member is attuned to the National HealthCare Corporation philosophy of restorative nursing and emphasizing quality of life for our patients; and
- 2) To the extent possible, each staff member has a record of stable employment and a commitment to both the facility and the elderly. The Administrator is trained in the company Administrator program, and will likely be a member of the National HealthCare Corporation corporate staff for training for approximately two (2) years. NHC currently has approximately ten Administrators in its training program. The Administrator and the corporate staff will tailor our Recruitment Plan to meet the local market. The goal of this plan is to put together a cohesive program of employee recruitment at the outset which will enable the facility to select and recruit an initial staff which will have not less than 40% employee retention after five years.

In order to implement the Recruitment Plan and to recruit new employees after opening the facility, the following methods are used:

The recruitment plan is updated annually to account for changes in local market conditions. A great majority of staff personnel are recruited through traditional means, which include classified

advertisements, word of mouth among existing staff members and within the community at-large, and through individuals approaching the facility on a walk-in basis to apply for employment. This method has been quite successful for NHC in attracting staff of varied disciplines to its facilities. National HealthCare Corporation owned and operated facilities enjoy an outstanding reputation in their communities and offer prospective employees an opportunity for growth and advancement while working for a quality nursing home operator in a clean, stable work environment at competitive wages.

Currently NHC includes the following recruiting incentives in its package:

Highly competitive wages	Non-employee Educational Loan Program
Tuition Reimbursement	Continuing Education Program (C.E.U.s)
Ongoing skills training	Earned Time Off
Group Life Insurance	Group Health Insurance (Including Dental)
Employee Stock Purchase Plan	Sick Leave
Stock Option Purchase Plan	Corporate promotions and recognition

For nursing personnel, additional recruitment steps are taken to supplement those described above. The first step involves more intensified recruitment for the nurse aid position to help alleviate shortages experienced within the state. NHC has begun an aggressive recruitment program in Tennessee for nurses and nurses aides aimed at the retired and semi-retired persons living within the service area of its facilities. The program involves both advertising and community outreach in order to invite this targeted group to visit the facility and explore opportunities in the geriatric nursing field. An advantage of this program is the availability of flexible hours which conform to the needs of the prospective employee. NHC recognizes the retiree/semi-retiree as the largest untapped work force in the service area and in Tennessee as a whole, and desires to benefit from the broad experience, compassion, and understanding these people can bring to the patients and other staff at the facility.

The second step to aid in recruiting nursing personnel to the facility involves integration with the area's educational institutions. To assist with staff recruitment and promote community involvement, the facility will work within the community in the following manner:

- A. DON will serve with local advisory boards of Vocational Technical Schools. In addition, the facility will provide a classroom for Certified Nursing Assistant, Advanced Certified Nursing Assistant, and Home Health Aide Classes. This will provide NHC with an advantage for staff recruitment. Upon graduation from each step, employees are given a banquet dinner, certificates, and monetary raises.
- B. NHC and NHC/Maury Regional Transitional Care Center has established relationships with the following educational institutions to aid in recruitment of qualified nursing personnel:

LPN Programs:

1. Tennessee Tech, LPN Program (Hohenwald)

RN Schools:

1. Columbia State RN Program

Not only are top-notch applicants recruited from the above schools, but all major schools in the Southeast are included in our recruiting plans. Also, all state and national association meetings are well attended including an exhibit booth and display on recruiting. (This includes National meetings of Nurses, Registered Physical Therapists, Speech Pathologists and Occupational Therapists.

Responsible Positions: The overall recruitment plan is implemented initially by the facility's administrator who then reports and has input and output from the National HealthCare Corporation's corporate staff. On an ongoing basis, the Administrator working with department heads are responsible for recruitment. The DON is heavily involved in the recruitment of LPN's and RN's, as is the corporate staff. Judy W. Powell, R.N., M.S., is Senior Vice-President of Patient Services and is responsible for the overall plan of National HealthCare Corporation.

Desired Outcome: The desired outcome is to attract and maintain a full, stable, motivated staff capable of providing the level of patient care expected by the patient and Applicant alike and who respect and strive to maintain the dignity of each and every patient. Particular emphasis is placed on obtaining long-term employees.

Measure of Outcome: The outcome is measured by monthly data collected, maintained and reported in the monthly administrative meeting regarding manpower characteristics. Specifically, the effectiveness of the Recruitment Plan is measured:

- 1) By the general success of the facility in staff recruitment;
- 2) By the employee turnover rate through either voluntary or involuntary dismissal;
- 3) By facility Quality Assurance and licensure ratings; and
- 4) By overall staff retention for various periods of time.
- 5) Hours of Nurse Registry used.

An overall turnover of 40% of the facility's initial staff and 70% of its professional staff after five years is the goal of the program. Although at some times unavoidable, the use of nursing pool personnel is considered unacceptable and represents a failure of the Recruitment Plan.

Giving partners a choice of a primary care assignment enhances low nursing turnover. A primary care assignment consists of the same nurse and the same nursing assistant taking care of the same patients every day. Employees who do not wish a permanent assignment may choose to work "relief" assignments when primary-care employees are off.

Nursing Administration believes that this greatly improves the quality of continuity since employees who retain the same patients are much more aware of individual patient preferences. In addition, this enhances a bonding between patients, employees and patient families.

NHC/Maury Regional Transitional Care Center will be staffed with 24-hour RN coverage.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

The applicant has reviewed and understands the licensure requirements of the Department of Health and/or applicable Medicare requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: licensed by the State of Tennessee to provide nursing home services

Accreditation: Not Applicable

If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

NHC/Maury Regional Transitional Care Center has not been constructed and licensed; it exists in CON form at this time. Please see Attachment "Section III Contribution of Orderly Development – 7b" located on page 149-151 at the end of the application for a copy of each of the two joint venture partners current licenses.

- (c) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Not Applicable, the applicant is not an existing licensed provider. Nevertheless, please see Attachment "Section III Contribution of Orderly Development – 7c" located on page 152-169 at the end of the application for a copy of each of the two joint venture partners latest survey inspections and plan of corrections.

9. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Not Applicable, None.

10. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Not Applicable, None.

11. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

If approved, the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required. The applicant files a Joint Annual Report Annually

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Please see "Attachment – Proof of Publication" located on page 170-172 and the "Letter of Intent" located on page 174 at the end of the application.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004
Revised 05/03/04
Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

SUPPLEMENTAL- # 1

July 26, 2013

9:44 am

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): 10/23/13

Assuming the CON approval becomes the final agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

Phase	DAYS REQUIRED	Anticipated Date (MONTH/YEAR)
1. Architectural and engineering contract signed	30	1/14
2. Construction documents approved by the Tennessee Department of Health	150	06/14
3. Construction contract signed	210	08/14
4. Building permit secured	240	09/14
5. Site preparation completed	330	12/14
6. Building construction commenced	330	12/14
7. Construction 40% complete	480	05/15
8. Construction 80% complete	630	10/15
9. Construction 100% complete (approved for occupancy)	690	12/15
10. *Issuance of license	720	1/16
11. *Initiation of service	720	1/16
12. Final Architectural Certification of Payment	780	3/16
13. Final Project Report Form (HF0055)	810	04/16

For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

2013 JUL 12 AM 11 55

STATE OF TennesseeCOUNTY OF Rutherford

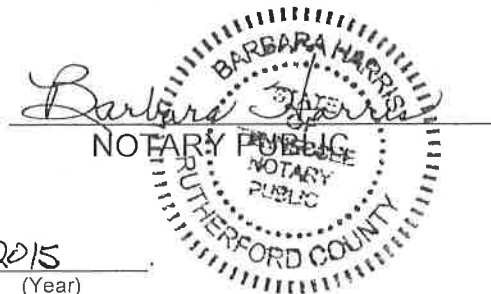
Bruce K. Duncan, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.


/Assistant Vice President

SIGNATURE/TITLE

Sworn to and subscribed before me this 11th day of July, 2013 a Notary
(Month) (Year)

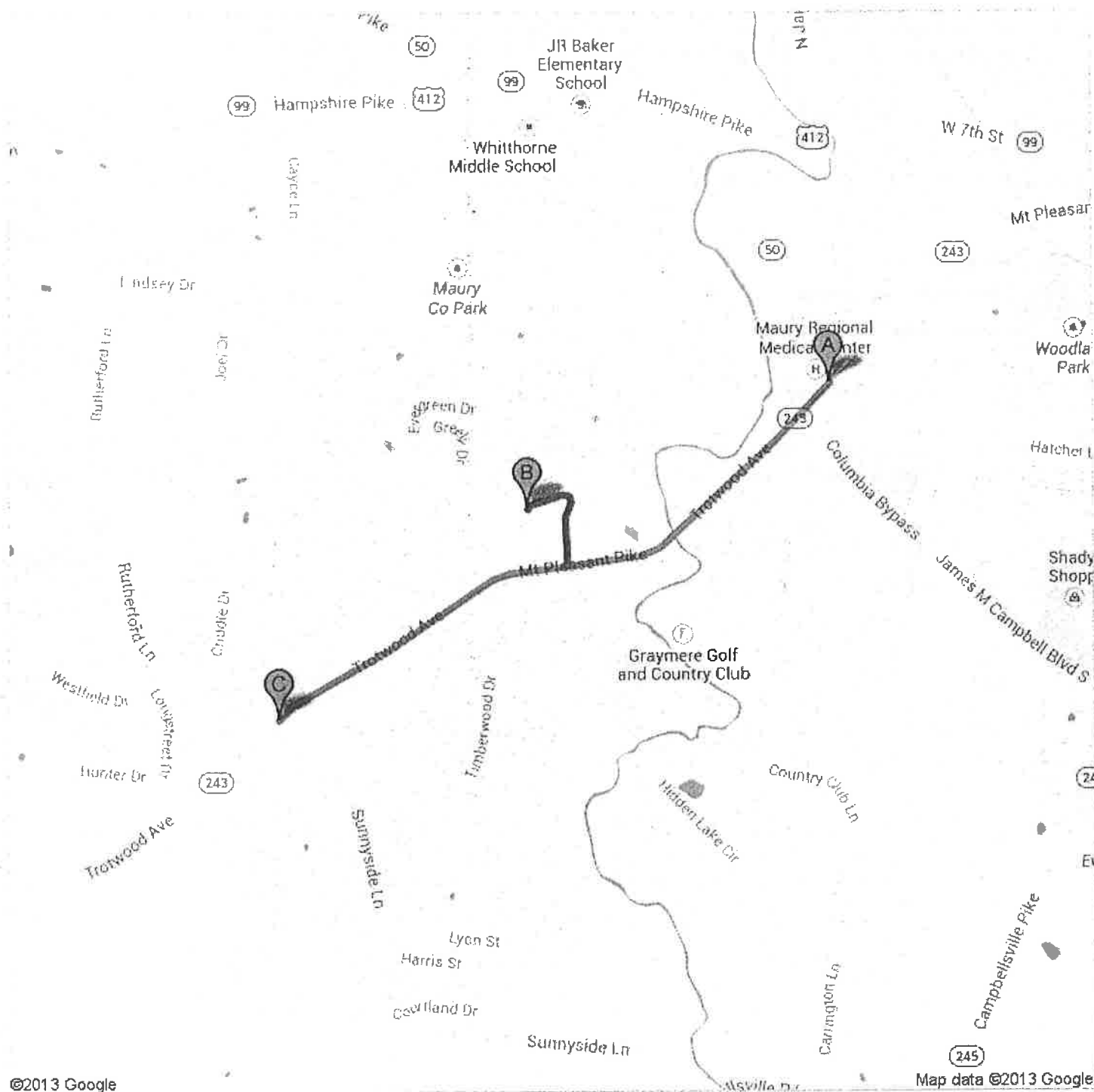
Public in and for the County/State of Rutherford/Tennessee.



My commission expires 9/20, 2015.
(Month/Day) (Year)

Section B - Project Description - III (A)



Plot Plan





Maury Regional Medical Center
1224 Trotwood Ave, Columbia, TN 38401

82



1. Head **southwest** on **Mt Pleasant Pike/Trotwood Ave** toward **Columbia Bypass/S James Campbell Blvd/James M Campbell Blvd W**
About 2 mins go 1.0 mi
total 1.0 mi
-  2. Turn right onto **Walnut Ln**
About 1 min go 0.4 mi
total 1.4 mi
-  3. Take the 1st left to stay on **Walnut Ln** go 72 ft
total 1.4 mi

Total: **1.4 mi** – about **4 mins**



NHC HealthCare
101 Walnut Ln, Columbia, TN 38401

total 0.0 mi

4. Head **northeast** on **Walnut Ln** go 72 ft
total 72 ft
 -  5. Turn right to stay on **Walnut Ln**
About 1 min go 0.4 mi
total 0.4 mi
 -  6. Take the 1st right onto **Mt Pleasant Pike/Trotwood Ave**
Continue to follow Trotwood Ave go 1.0 mi
total 1.4 mi
- About 2 mins

Total: **1.4 mi** – about **3 mins**



5004 Trotwood Ave, Columbia, TN 38401

These directions are for planning purposes only. You may find that construction projects, traffic, weather, or other events may cause conditions to differ from the map results, and you should plan your route accordingly. You must obey all signs or notices regarding your route.

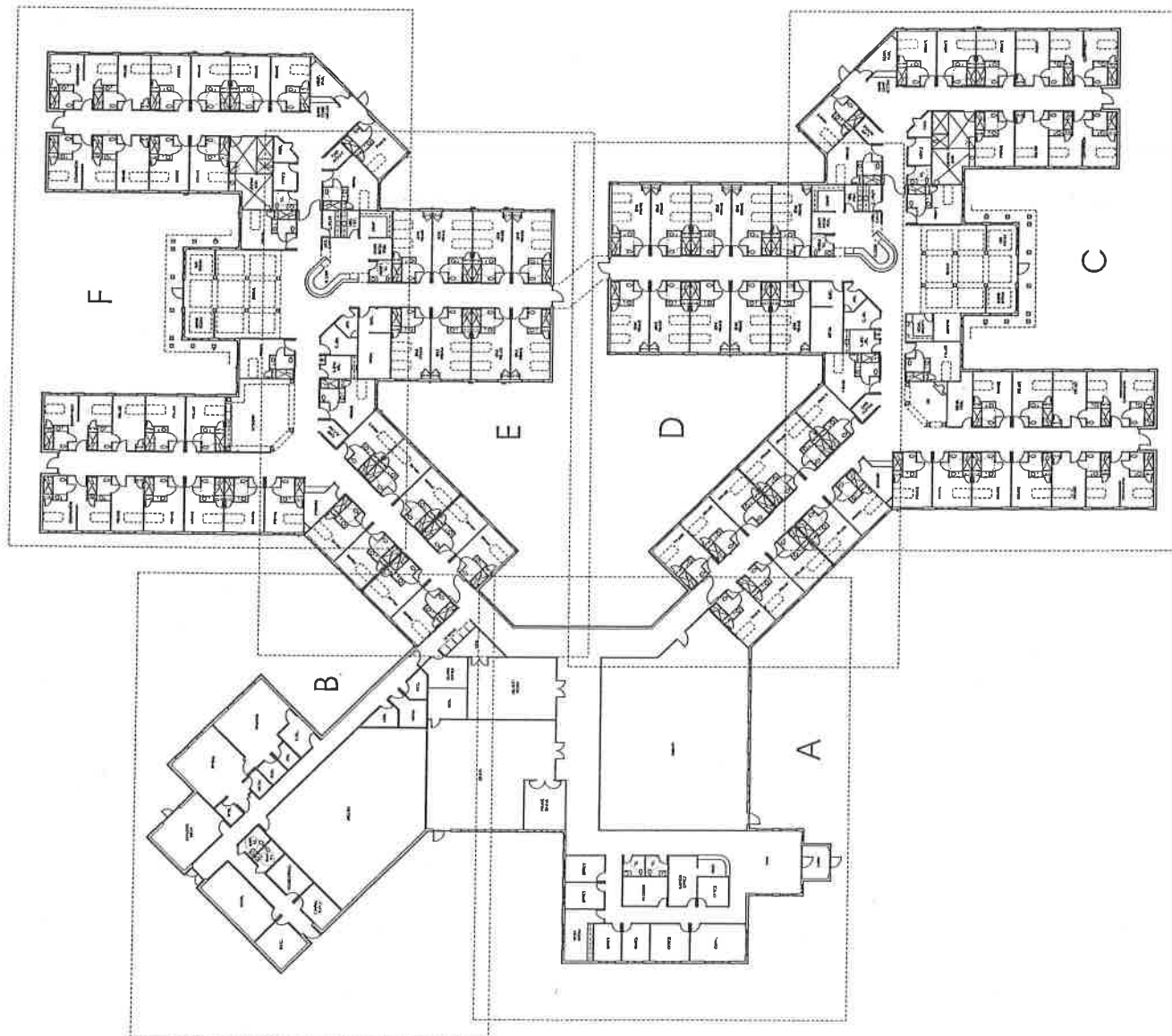
Map data ©2013 Google

Directions weren't right? Please find your route on maps.google.com and click "Report a problem" at the bottom left.

Section B - Project Description - IV

Floor Plan

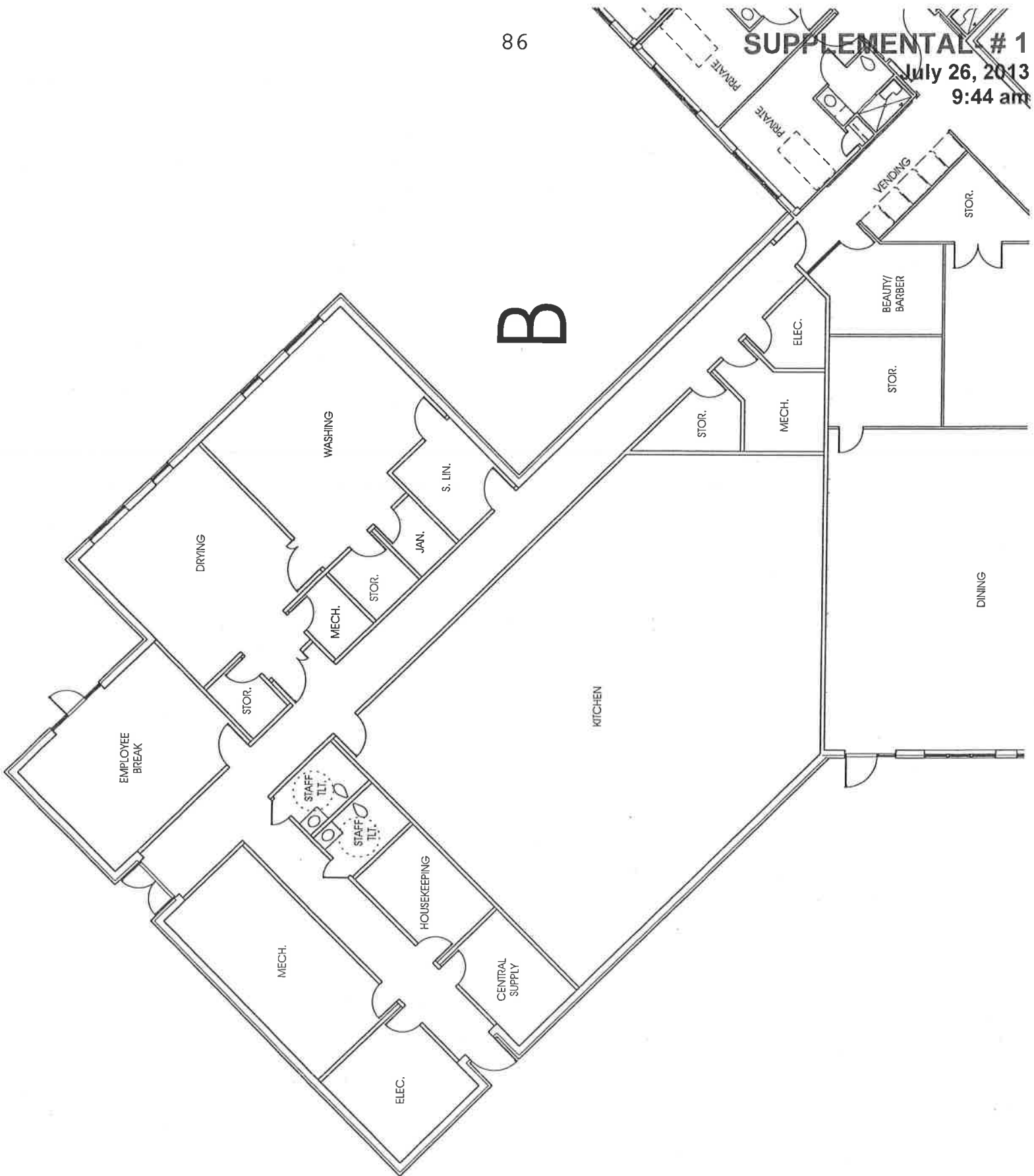
PROJECT DATA	16 BEDS
8 COMPANION ROOMS	36 BEDS
16 PRIVATE ROOMS	112 BEDS
16 PRIVATE ROOMS	
TOTAL -	112 BEDS
TOTAL BUILDING AREA	69,464 S.F.



MASTER FLOOR PLAN



B

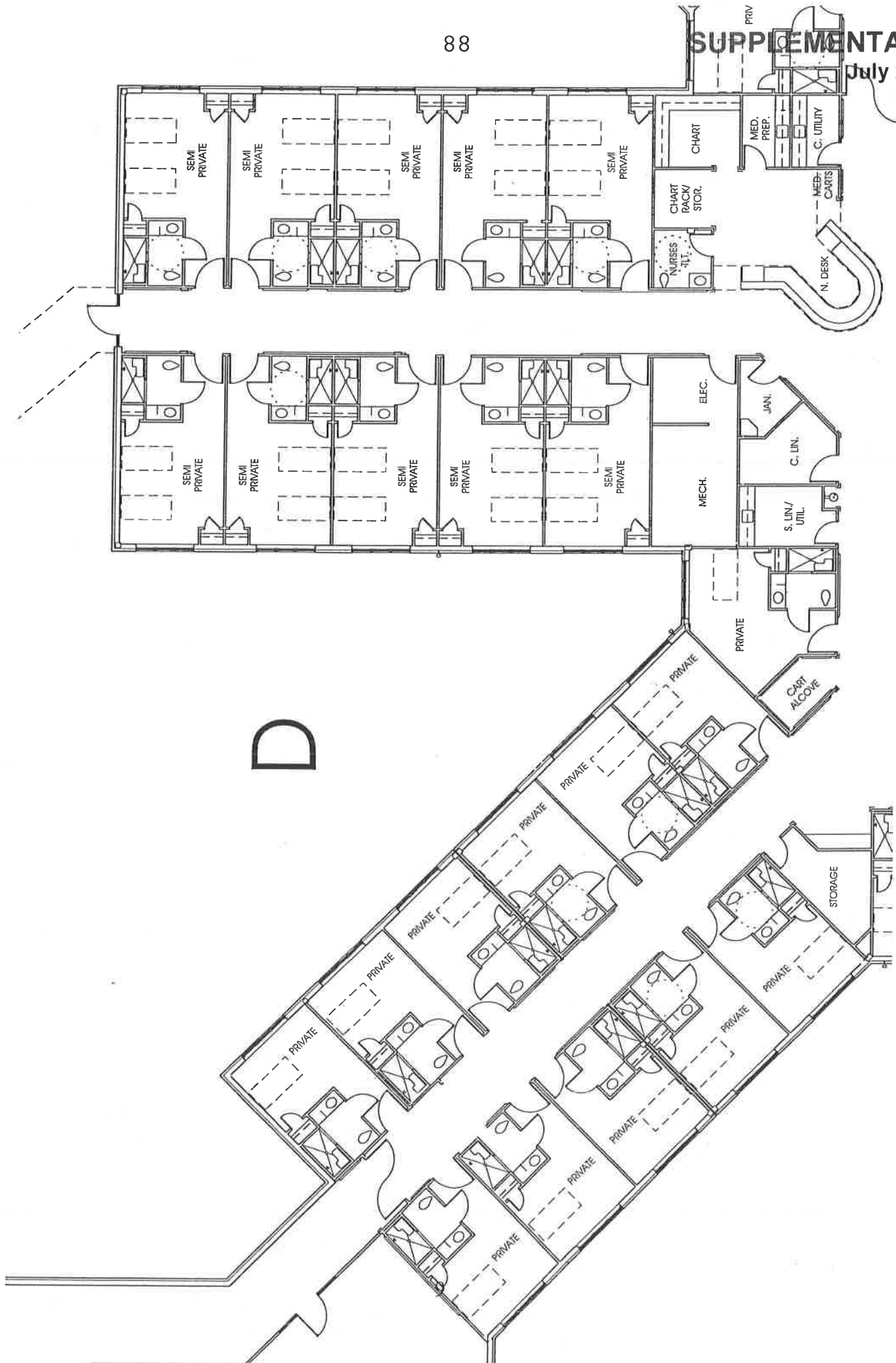


SUPPLEMENTAL- # 1

July 26, 2013

9:44 am



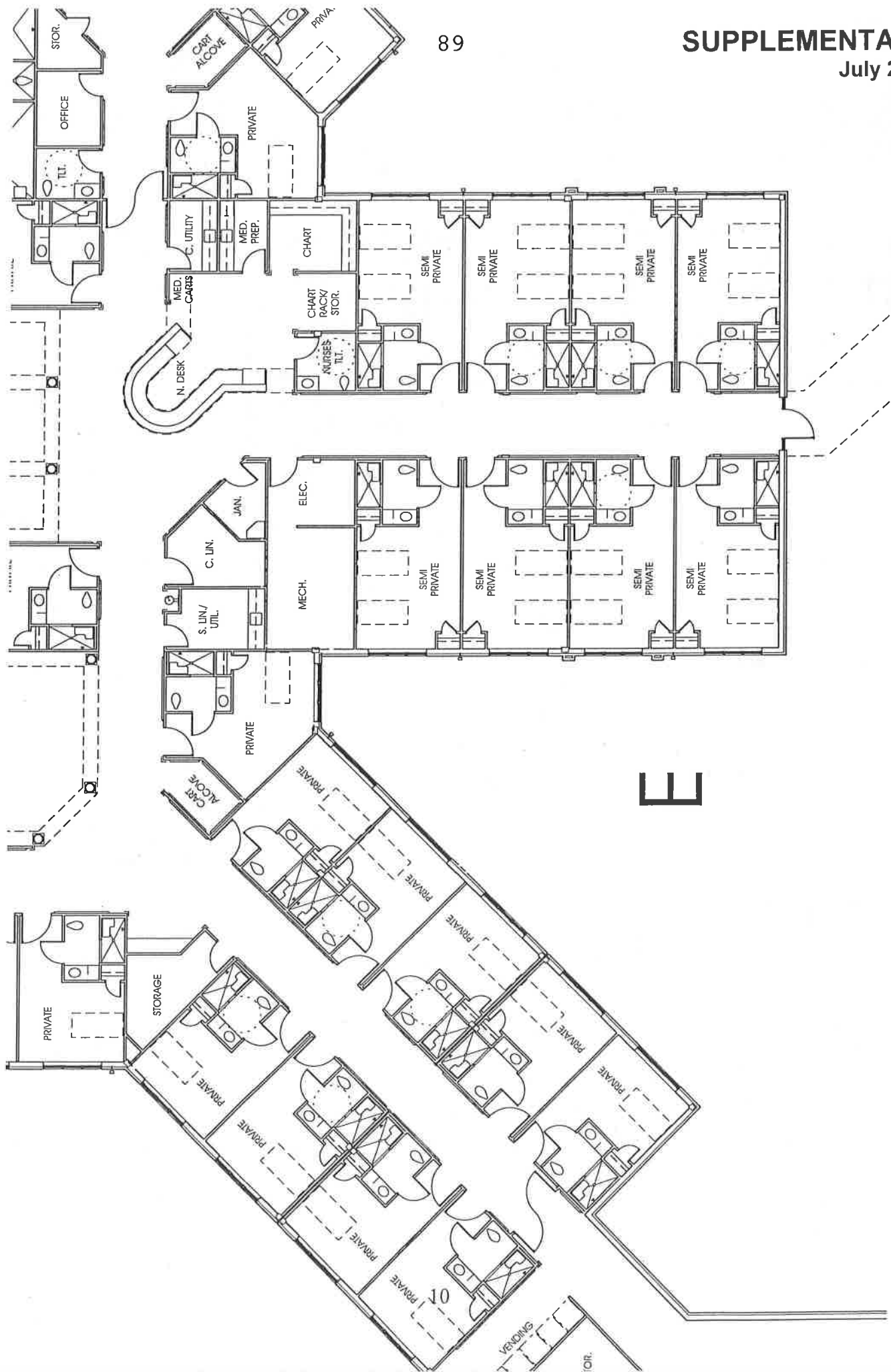
July 26, 2013
9:44 am

SUPPLEMENTAL- # 1

July 26, 2013

9:44 am

89





Section C Need Item 1

Principles of the State Health Plan

Tuition Reimbursement Contract \$ Amount

	<u>Contract Amount</u>
2012	\$402,855.00
2011	421,533.00
2010	478,168.87
2009	516,295.43
2008	486,566.94
2007	726,835.35
2006	658,558.33
2005	553,648.56
2004	740,099.99
2003	535,480.98
2002	406,632.00
2001	315,886.60
2000	281,937.56
1999	128,290.82
1998	78,340.80
1997	70,438.00
1996	26,000.00
1995	10,750.00
1994	<u>15,500.00</u>
TOTAL	\$6,853,818.23

TFGE \$ DONATED / RAISED

	<u>Donated</u> (Includes Books Reimbursements and Scholarship Reimb.)	<u>Raised</u> (Includes Misc. Donations)
2012	118,380.81	246,914.05
2011	97,575.41	273,966.08
2010	95,846.41	255,565.38
2009	89,518.81	247,004.13
2008	98,100.69	237,127.02
2007	173,507.81	216,378.60
2006	87,697.96	237,499.23
2005	116,725.40	224,599.34
2004	119,938.62	197,375.33
2003	103,846.70	200,715.86
2002	134,792.43	208,015.89
2001	71,782.36	161,325.43
2000	92,735.89	185,882.04
1999	117,636.23	234,488.98
1998	151,001.92	165,649.47
1997	133,007.00	171,180.00
1996	76,880.98	179,357.69
1995	71,618.25	162,775.60
1994	54,768.51	175,020.38
1993	51,246.39	144,138.33
1992	52,150.48	146,688.42
1991	40,821.04	119,167.91
1990	31,474.02	82,806.09
1989	37,795.59	68,438.41
1988	24,000.00	53,708.65
1987	28,000.00	53,408.87
1986	30,000.00	50,361.12
1985	25,500.00	35,453.00
1984	29,500.00	39,138.97
1983	24,000.00	44,981.40
1982	2,000.00	
TOTAL	\$ 2,381,849.71	\$ 4,819,131.67

Section C – General Criteria - 1.A.

Nursing Facility Bed Need

Maury County

County Bed Need

	2015 Population	Rate	Needed Beds by Age
Population 65 & Under	69,752	0.0005	35
Population 65-74	7,723	0.012	93
Population 75-84	3,612	0.06	217
Population 85+	1,439	0.15	216
	<u>82,526</u>		<u>560</u>
		CON	(68)
		Less Existing Beds	(594)
		Need	(102)

Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health

Existing beds based on licensed beds, Licensed Health Facilities, TN Dept of Health 6/13.

CON for the replacement and relocation of Rosewood Manor's 68 beds to move from Columbia to Spring Hill.

Section C - General Criteria – 1.A.3

Inventory and Utilization

Maury County Nursing Homes 2011

	Nursing Home	Licensed Beds	Licensed Occupancy
1	Life Care Center of Columbia	123	92.8%
2	Maury Regional Hospital SNU	20	73.7%
3	Mt Pleasant Health and Rehab	72	85.7%
4	NHC HealthCare, Columbia	106	89.7%
5	NHC HealthCare, Hillview	92	88.2%
6	Rosewood Manor	68	
7	Signature HealthCARE of Columbia	181	70.1%
	Total Less Rosewood	662 -68 594	83.1%

Source: 2011 TN JAR Summary Reports, Schedule E - Beds
2011 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

Rosewood Manor has an outstanding CON to replace and relocate the existing facility. The CON expires 9/1/11

Section C – General Criteria – I.A. 4

Service Area JAR Report

2011 Joint Annual Report of Nursing Homes

		Patient Origin													
		Tennessee Counties													
		County	Bedford	Benton	Davidson	Dickson	Giles	Hickman	Lawrence	Lewis	Macon	Madison	Marshall	Maury	Montgomery
		Maury				1	6		5	5			1	93	
		Life Care Center of Columbia			3		2	1	5	2			2	61	1
		NHC Healthcare, Hillview			5		1	1	2	2		1	2	69	
		NHC Healthcare, Columbia	2				3	1	6	3	1	1	2	85	
		Signature HealthCARE of Columbia	1	1	7		4		7				42		
		Hidden Acres Health Care			5		1		2				8		
		Maury Regional Hospital Skilled Nursing Unit													

2011 Joint Annual Report of Nursing Homes

NH Name	County	Rutherford	Wayne	Williamson	Wilson	Unknown County
Life Care Center of Columbia	Maury			4		1
NHC Healthcare, Hillview	Maury			2		3
NHC Healthcare, Columbia	Maury		2	2	1	1
Signature HealthCARE of Columbia	Maury		1	2		3
Hidden Acres Health Care	Maury	1	1			
Maury Regional Hospital Skilled Nursing Unit	Maury		1			

**Maury County Nursing Homes
2009**

Nursing Home	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	SNF Medicaid ADC	SNF All Other Payors ADC	NF Medicaid* Level I ADC	NF All Other Payors ADC	Licensed Occupancy
1 Life Care Center of Columbia	123	0	123	0	0	29	3	5	66	15	96.3%
2 Maury Regional Hospital SNU	20	20	0	0	0	14	0	2	0	0	79.5%
3 Mt Pleasant Health and Rehab	72	0	28	44	0	6	8	1	46	3	88.6%
4 NHC HealthCare, Columbia	106	0	56	50	0	19	19	2	45	9	89.2%
5 NHC HealthCare, Hillview	92	0	48	44	0	18	19	2	29	14	90.3%
6 Rosewood Manor	68	0	68	0	0	10	0	0	44	8	90.5%
7 Signature HealthCARE of Columbia	181	0	169	12	0	13	14	1	57	8	50.9%
Total	662	20	424	150	0	99	63	13	243	49	80.0%

Source: 2009 TN JAR Summary Reports, Schedule E - Beds

2009 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

* Includes TennCare MCO and all other Medicaid/TennCare Patient Days

**Maury County Nursing Homes
2010**

Nursing Home	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	SNF Medicaid ADC	SNF All Other Payors ADC	NF Medicaid* Level I ADC	NF All Other Payors ADC	Licensed Occupancy
1 Life Care Center of Columbia	123	0	123	0	0	31	0	0.00	68	15	92.2%
2 Maury Regional Hospital SNU	20	20	0	0	0	15	0	1	0	0	79.2%
3 Mt Pleasant Health and Rehab	72	0	28	44	0	4	10	1	47	2	89.4%
4 NHC HealthCare, Columbia	106	0	56	50	0	23	16	9	37	11	91.8%
5 NHC HealthCare, Hillview	92	0	48	44	0	18	15	5	32	11	88.0%
6 Rosewood Manor	68					Information Not Available					
7 Signature HealthCARE of Columbia	181	0	181	0	0	23	6	0	86	6	66.8%
Total Less Rosewood	562 -68 594	20	436	138	0	114	47	17	270	45	83.0%

Source: 2010 TN JAR Summary Reports, Schedule E - Beds

2010 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

* Includes TennCare MCO and all other Medicaid/TennCare Patient Days

Rosewood Manor has an outstanding CON to replace and relocate the existing facility. The CON expires 9/1/13.

**Maury County Nursing Homes
2011**

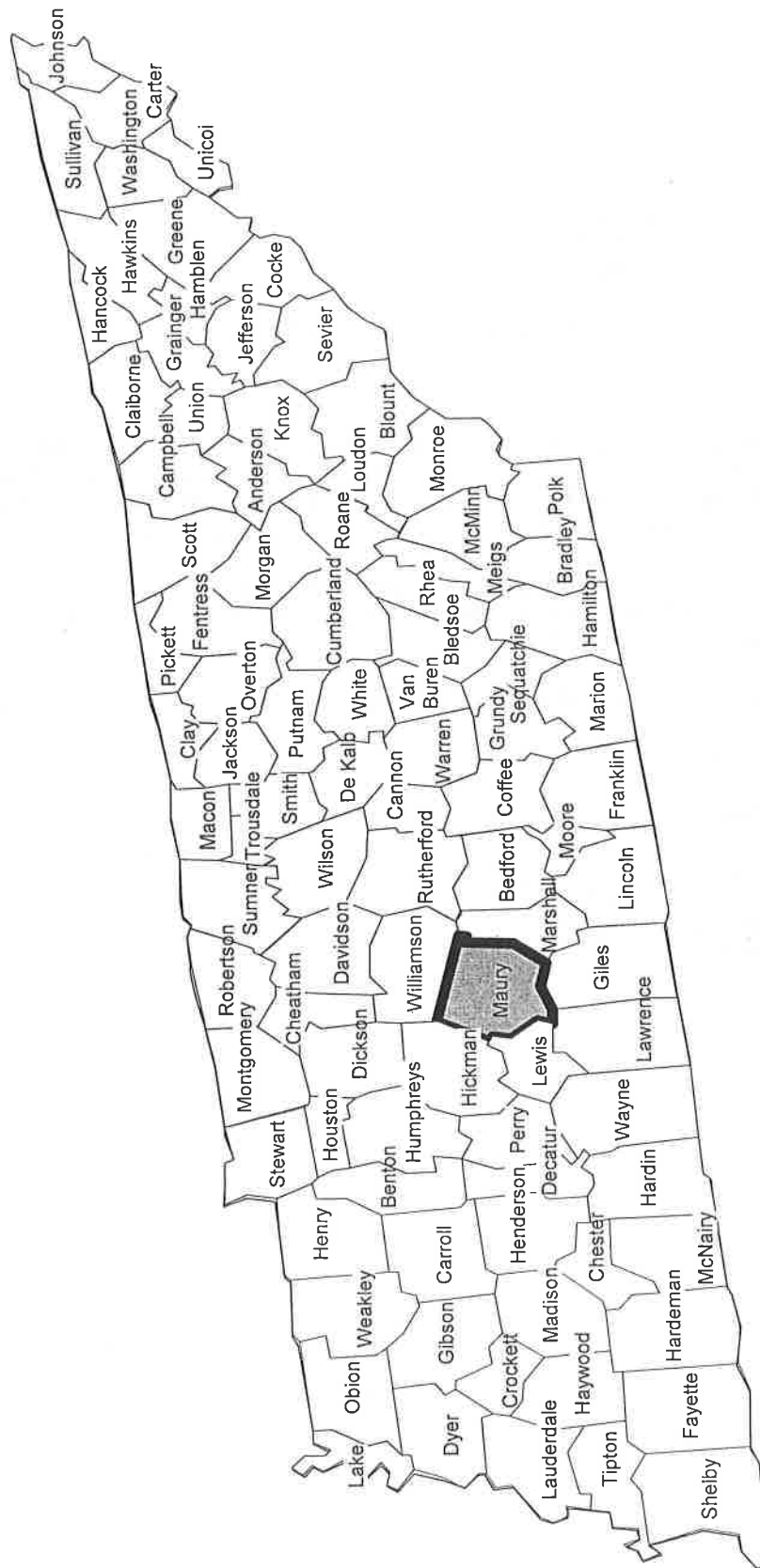
Nursing Home	Licensed Beds	SNF Beds - Medicare	SNF/NF Beds Dually Certified	NF Beds - Medicaid	Licensed Only Beds - Non Certified	SNF Medicare/ Level II ADC	SNF Medicaid ADC	SNF All Other Payors ADC	NF Medicaid* Level I ADC	NF All Other Payors ADC	Licensed Occupancy
1 Life Care Center of Columbia	123	0	123	0	0	33	2	2,69	62	16	92.8%
2 Maury Regional Hospital SNU	20	20	0	0	0	11	0	4	0	0	73.7%
3 Mt Pleasant Health and Rehab	72	0	28	44	0	3	8	1	47	3	85.7%
4 NHC HealthCare, Columbia	106	0	56	50	0	17	20	3	34	20	89.7%
5 NHC HealthCare, Hillview	92	0	48	44	0	17	13	7	33	12	88.2%
6 Rosewood Manor	68					Information Not Available					
7 Signature HealthCARE of Columbia	181	0	181	0	0	22	0	0	101	4	70.1%
Total Less Rosewood	662 -68 594	20	436	138	0	103	42	17	277	54	83.1%

Source: 2011 TN JAR Summary Reports, Schedule E - Beds
2011 JAR Reports, Schedule F Utilizations - Part 2, Resident Days of Care

* Includes TennCare MCO and all other Medicaid/TennCare Patient Days
Rosewood Manor has an outstanding CON to replace and relocate the existing facility. The CON expires 9/1/13.

Section C – General Criteria - 3

Service Area Map



Johnson + Bailey Architects P.C.



July 5, 2013

Mr. Bruce Duncan
National HealthCare Corporation
100 East Vine Street
Murfreesboro, TN 37130

Re: NHC/Maury Regional Transitional Care Center

Dear Bruce:

Based upon a new construction total building area of 69,464 sq. ft., and a 950 sq. ft. Maintenance building, it is my opinion, based upon recently completed similar projects, that the total construction costs for the referenced project should be \$12,004,000 or approximately \$170.50 per sq. ft. exclusive of site development, equipment, and other soft costs.

The plans have been designed in compliance with the applicable building and life safety codes and to the requirements specified in the latest adopted edition of the Guidelines for the Design and Construction of Health Care Facilities.

Please advise if you require any additional information relative to construction costs for this project.

Sincerely,

JOHNSON + BAILEY ARCHITECTS P.C.

A handwritten signature in black ink, appearing to read 'James H. Bailey III'.

James H. Bailey III AIA
President

Section C – Economic Feasibility - 2

Project Funding

2013 JUL 12 AM 11 57

July 3, 2013

Ms. Melanie Hill, Executive Director
State of Tennessee
Health Services and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

RE: NHC/Maury Regional Transitional Care Center (Maury County), 112 Bed
Replacement Facility \$18,161,672

Dear Ms. Hill:

National HealthCare Corporation, a NYSE Amex publicly traded company with over \$66,000,000 of cash and cash equivalents, as stated in the December 31, 2012 10-K, will make available all the necessary funds for the operation and working capital for the above referenced project. These funds are available on immediate notice.

Should you have any further questions or comments, please advise.

Sincerely,

NATIONAL HEALTHCARE CORPORATION



Donald K. Daniel
Senior Vice President and Controller

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-13489

NHC

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-2057472
(I.R.S. Employer
Identification No.)

100 E. Vine Street
Murfreesboro, TN
37130

(Address of principal executive offices)
(Zip Code)

(615) 890-2020

Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) Has filed all reports required to be filed by Section 13 or 15(d), of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer (Do not check if a smaller reporting
company) ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as is defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

14,065,202 shares of common stock of the registrant were outstanding as of May 2, 2012.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Statements of Income
(Unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended March 31	
	2013	2012
		<i>(as adjusted)</i>
Revenues:		
Net patient revenues	\$ 178,430	\$ 176,113
Other revenues	15,948	13,937
Net operating revenues	194,378	190,050
Cost and Expenses:		
Salaries, wages and benefits	107,063	106,471
Other operating	54,411	51,528
Facility rent	9,868	9,847
Depreciation and amortization	6,956	7,380
Interest	84	118
Total costs and expenses	178,382	175,344
Income Before Non-Operating Income	15,996	14,706
Non-Operating Income	6,618	5,868
Income Before Income Taxes	22,614	20,574
Income Tax Provision	(8,809)	(7,920)
Net Income	13,805	12,654
Dividends to Preferred Stockholders	(2,168)	(2,168)
Net Income Available to Common Stockholders	\$ 11,637	\$ 10,486
Earnings Per Common Share:		
Basic	\$ 0.84	\$ 0.76
Diluted	\$ 0.82	\$ 0.75
Weighted Average Common Shares Outstanding:		
Basic	13,861,584	13,840,079
Diluted	14,111,752	13,908,274

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Statements of Comprehensive Income
(Unaudited – in thousands)

	Three Months Ended March 31	
	2013	2012
		<i>(as adjusted)</i>
Net Income	\$ 13,805	\$ 12,654
Other Comprehensive Income:		
Unrealized gains on investments in marketable securities	15,764	8,656
Less: Reclassification adjustment for realized gains on sale of securities	(230)	(687)
Income tax expense related to items of other comprehensive income	(6,090)	(3,110)
Other comprehensive income, net of tax	9,444	4,859
Comprehensive Income	\$ 23,249	\$ 17,513

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Balance Sheets
(in thousands)

	March 31, 2013 <i>(unaudited)</i>	December 31, 2012 <i>(as adjusted)</i>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 73,839	\$ 66,701
Restricted cash and cash equivalents	17,376	11,563
Marketable securities	123,577	107,250
Restricted marketable securities	134,782	135,207
Accounts receivable, less allowance for doubtful accounts of \$3,407 and \$3,166, respectively	75,687	74,693
Inventories	6,558	6,660
Prepaid expenses and other assets	2,917	1,132
Notes receivable	5,950	5,840
Federal income tax receivable	—	5,933
Total current assets	<u>440,686</u>	<u>414,979</u>
Property and Equipment:		
Property and equipment, at cost	681,818	675,455
Accumulated depreciation and amortization	<u>(261,501)</u>	<u>(254,548)</u>
Net property and equipment	<u>420,317</u>	<u>420,907</u>
Other Assets:		
Deposits	108	143
Goodwill	17,600	17,600
Notes receivable	15,445	15,949
Deferred income taxes	13,844	12,817
Investments in limited liability companies	<u>41,823</u>	<u>40,039</u>
Total other assets	<u>88,820</u>	<u>86,548</u>
Total assets	<u>\$ 949,823</u>	<u>\$ 922,434</u>

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

The balance sheet at December 31, 2012 is taken from the audited consolidated financial statements at that date.

NATIONAL HEALTHCARE CORPORATION
Interim Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	March 31, 2013 <i>(unaudited)</i>	December 31, 2012 <i>(as adjusted)</i>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 10,948	\$ 10,555
Accrued payroll	35,385	37,243
Amounts due to third party payors	16,826	17,001
Accrued risk reserves	114,367	110,331
Deferred income taxes	30,420	24,474
Other current liabilities	23,182	20,411
Dividends payable	6,461	6,480
Total current liabilities	<u>237,589</u>	<u>226,495</u>
Long-term debt	10,000	10,000
Refundable entrance fees	10,837	10,680
Deferred revenue	6,334	3,430
Obligation to provide future services	1,791	1,791
Other noncurrent liabilities	14,462	13,890
Stockholders' Equity:		
Series A Convertible Preferred Stock; \$.01 par value; 25,000,000 shares authorized; 10,838,305 and 10,838,412 shares, respectively, issued and outstanding; stated at liquidation of \$15.75 per share	170,512	170,514
Common stock, \$.01 par value; 30,000,000 shares authorized; 14,058,152 and 14,158,127 shares, respectively, issued and outstanding	140	141
Capital in excess of par value	150,493	154,692
Retained earnings	287,413	279,993
Accumulated other comprehensive income	60,252	50,808
Total stockholders' equity	<u>668,810</u>	<u>656,148</u>
Total liabilities and stockholders' equity	<u>\$ 949,823</u>	<u>\$ 922,434</u>

The accompanying notes to interim condensed consolidated financial statements are an integral part of these consolidated statements.

The balance sheet at December 31, 2012 is taken from the audited consolidated financial statements at that date.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. 001-13489

NHC

NATIONAL HEALTHCARE CORPORATION

(Exact name of registrant as specified in its Corporate Charter)

Delaware
(State of Incorporation)

52-2057472
(I.R.S. Employer I.D. No.)

**100 Vine Street
Murfreesboro, Tennessee 37130**
(Address of principal executive offices)
Telephone Number: 615-890-2020

Securities registered pursuant to Section 12(b) of the Act.

Title of Each Class Shares of Common Stock	Name of Each Exchange on which Registered NYSE MKT
Shares of Preferred Cumulative Convertible Stock	NYSE MKT

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act). Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of Common Stock held by non-affiliates on June 30, 2012 (based on the closing price of such shares on the NYSE MKT) was approximately \$308 million. For purposes of the foregoing calculation only, all directors, named executive officers and persons known to the Registrant to be holders of 5% or more of the Registrant's Common Stock have been deemed affiliates of the Registrant.
The number of shares of Common Stock outstanding as of February 12, 2013 was 14,158,127.

Documents Incorporated by Reference

The following documents are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10-K:
The Registrant's definitive proxy statement for its 2013 shareholder's meeting.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholders
National HealthCare Corporation

We have audited the accompanying consolidated balance sheets of National HealthCare Corporation as of December 31, 2012 and 2011 and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of National HealthCare Corporation at December 31, 2012 and 2011 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), National HealthCare Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 15, 2013

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Income
(in thousands, except share and per share amounts)

	Year Ended December 31,		
	2012	2011	2010
Revenues:			
Net patient revenues	\$ 705,386	\$ 715,489	\$ 663,629
Other revenues	55,876	58,048	57,024
Net operating revenues	<u>761,262</u>	<u>773,537</u>	<u>720,653</u>
Costs and Expenses:			
Salaries, wages and benefits	426,934	428,672	400,270
Other operating	198,691	198,439	197,016
Rent	39,355	39,736	38,086
Depreciation and amortization	29,792	28,901	27,141
Interest	455	443	513
Total costs and expenses	<u>695,227</u>	<u>696,191</u>	<u>663,026</u>
Income Before Non-Operating Income	66,035	77,346	57,627
Non-Operating Income	<u>25,245</u>	<u>20,533</u>	<u>23,340</u>
Income Before Income Taxes	91,280	97,879	80,967
Income Tax Provision	<u>(33,323)</u>	<u>(33,807)</u>	<u>(28,272)</u>
Net Income	<u>57,957</u>	<u>64,072</u>	<u>52,695</u>
Dividends to Preferred Stockholders	<u>(8,671)</u>	<u>(8,671)</u>	<u>(8,673)</u>
Net Income Available to Common Stockholders	\$ <u>49,286</u>	\$ <u>55,401</u>	\$ <u>44,022</u>
Earnings Per Common Share:			
Basic	\$ 3.56	\$ 4.02	\$ 3.22
Diluted	\$ 3.49	\$ 3.90	\$ 3.22
Weighted Average Common Shares Outstanding:			
Basic	13,852,709	13,774,628	13,671,053
Diluted	16,598,816	16,414,023	13,676,476

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Statements of Comprehensive Income
(in thousands)

	Year Ended December 31,		
	2012	2011	2010
Net Income	\$ 57,957	\$ 64,072	\$ 52,695
Other Comprehensive Income:			
Unrealized gains on investments in marketable securities	23,099	598	15,016
Income tax expense related to items of other comprehensive income	(8,993)	(183)	(5,809)
Other comprehensive income, net of tax	14,106	415	9,207
Comprehensive Income	\$ 72,063	\$ 64,487	\$ 61,902

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands)

	December 31,	
	2012	2011
Assets		
Current Assets:		
Cash and cash equivalents	\$ 66,701	\$ 61,008
Restricted cash and cash equivalents	11,563	50,587
Marketable securities	107,250	85,051
Restricted marketable securities	135,207	83,625
Accounts receivable, less allowance for doubtful accounts of \$3,166 and \$3,713, respectively	74,693	71,696
Inventories	6,660	7,419
Prepaid expenses and other assets	1,132	1,082
Notes receivable	5,840	1,260
Federal income tax receivable	5,933	6,470
Total current assets	<u>414,979</u>	<u>368,198</u>
Property and Equipment:		
Property and equipment, at cost	675,455	659,523
Accumulated depreciation and amortization	<u>(254,548)</u>	<u>(229,872)</u>
Net property and equipment	<u>420,907</u>	<u>429,651</u>
Other Assets:		
Deposits	143	397
Goodwill	17,600	20,320
Notes receivable	15,949	21,189
Deferred income taxes	10,564	10,167
Investments in limited liability companies	<u>40,039</u>	<u>20,502</u>
Total other assets	<u>84,295</u>	<u>72,575</u>
Total assets	<u>\$ 920,181</u>	<u>\$ 870,424</u>

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NATIONAL HEALTHCARE CORPORATION
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31,	
	2012	2011
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable	\$ 10,555	\$ 9,834
Accrued payroll	37,243	54,063
Amounts due to third party payors	17,001	16,807
Accrued risk reserves	110,331	98,732
Deferred income taxes	24,474	14,526
Other current liabilities	20,411	20,335
Dividends payable	6,480	6,362
Total current liabilities	<u>226,495</u>	<u>220,659</u>
Long-Term Debt	10,000	10,000
Other Noncurrent Liabilities	13,890	16,244
Deferred Revenue	10,124	11,785
Stockholders' Equity:		
Series A Convertible Preferred Stock; \$.01 par value; 25,000,000 shares authorized; 10,838,412 and 10,838,490 shares, respectively, issued and outstanding; stated at liquidation value of \$15.75 per share	170,514	170,515
Common stock, \$.01 par value; 30,000,000 shares authorized; 14,158,127 and 13,862,738 shares, respectively, issued and outstanding	141	138
Capital in excess of par value	154,692	139,183
Retained earnings	283,517	265,198
Accumulated other comprehensive income	50,808	36,702
Total stockholders' equity	<u>659,672</u>	<u>611,736</u>
Total liabilities and stockholders' equity	<u>\$ 920,181</u>	<u>\$ 870,424</u>

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

NHC/Maury Regional Transitional Care Center
OCCUPANCY SUMMARY
FILL RATE = 4 NET PATIENTS PER MONTH

MONTH	CENSUS AT BEGINNING OF MONTH	NET INCREASE IN PATIENTS	CENSUS AT END OF MONTH	AVERAGE CENSUS FOR MONTH	DAYS IN MONTH	PATIENT DAYS	PATIENT DAYS AVAILABLE	% OCCUPANCY
Jul-16	56.00	4.00	60.00	58.00	31	1,798	3,472	51.79%
Aug-16	60.00	4.00	64.00	62.00	31	1,922	3,472	55.36%
Sep-16	64.00	4.00	68.00	66.00	30	1,980	3,360	58.93%
Oct-16	68.00	4.00	72.00	70.00	31	2,170	3,472	62.50%
Nov-16	72.00	4.00	76.00	74.00	30	2,220	3,360	66.07%
Dec-16	76.00	4.00	80.00	78.00	31	2,418	3,472	69.64%
Jan-17	80.00	4.00	84.00	82.00	31	2,542	3,472	73.21%
Feb-17	84.00	4.00	88.00	86.00	28	2,408	3,136	76.79%
Mar-17	88.00	4.00	92.00	90.00	31	2,790	3,472	80.36%
Apr-17	92.00	4.00	96.00	94.00	30	2,820	3,360	83.93%
May-17	96.00	4.00	100.00	98.00	31	3,038	3,472	87.50%
Jun-17	100.00	4.00	104.00	102.00	30	3,060	3,360	91.07%
YEAR 1	56.00	48.00	104.00		365	29,166	40,880	71.35%
Jul-17	104.00	2.00	106.00	105.00	31	3,255	3,472	93.75%
Aug-17	106.00	-	106.00	106.00	31	3,286	3,472	94.64%
Sep-17	106.00	-	106.00	106.00	30	3,180	3,360	94.64%
Oct-17	106.00	-	106.00	106.00	31	3,286	3,472	94.64%
Nov-17	106.00	-	106.00	106.00	30	3,180	3,360	94.64%
Dec-17	106.00	-	106.00	106.00	31	3,286	3,472	94.64%
Jan-18	106.00	-	106.00	106.00	31	3,286	3,472	94.64%
Feb-18	106.00	-	106.00	106.00	28	2,968	3,136	94.64%
Mar-18	106.00	-	106.00	106.00	31	3,286	3,472	94.64%
Apr-18	106.00	-	106.00	106.00	30	3,180	3,360	94.64%
May-18	106.00	-	106.00	106.00	31	3,286	3,472	94.64%
Jun-18	106.00	-	106.00	106.00	30	3,180	3,360	94.64%
YEAR 2	104.00	2.00	106.00		365	38,659	40,880	94.57%

PROJECTED REVENUES (TOTAL FACILITY)
FOR NURSING HOME PROJECTS
PAGE 1

	PVT - PVT (1)	Semi-Private (2)	SP - Comp (3)	ICF Mcaid (3A)	MEDICARE (4)	Managed Care (5)	Hospice (6)	MEDICARE PART B (7)	MISC (8)	RESTRICTED GRANTS & DONATIONS (9)	NON NURSING HOME REVENUE (10)	TOTAL (11)
1 ROUTINE SERVICES	1,129,120	1,727,249	823,511		2,552,000	1,093,750	-	199,741				7,325,630
2 PHYSICAL THERAPY	6,920	12,358	5,437		1,844,466	833,382		27,919				2,902,304
3 SPEECH THERAPY					187,262	20,939		86,909				216,120
4 OCCUPATIONAL THERAPY	4,584	8,187	3,602		1,541,373	606,378						2,251,032
5 AUDIOLOGICAL THERAPY												
6 MEDICAL SUPPLIES	2,922	5,219	2,296		36,011	16,259						62,707
7 PHARMACY	22,699	40,538	17,834		811,920	385,350						1,278,341
8 LAB	78	139	61		34,667	6,470						41,415
9 RADIOLOGY/MEDICAL SERVICES					45,114	17,885						62,989
10 OTHER - INHALATION THERAPY	2,867	5,121	2,253		16,950	5,183						32,374
11 OTHER ANCILLARY - IV THERAPY	2,423	4,327	1,904		57,716	7,127						73,497
12 UNRESTRICTED GRANTS/DONATIONS												
13 OUTPATIENT CLINIC												
14 OTHER NURSING HOME REVENUE												
15 ALLOWANCE FOR BAD DEBTS												
16 CONTRACTUAL ADJUSTMENTS												
17 PRIVATE ROOM REVENUE												
18 TOTAL NURSING HOME REVENUE	1,168,684	1,798,630	854,755		4,480,419	1,667,151		313,783				10,306,224
19 TOTAL RESTRICTED GRANTS/DONATIONS												
20 NON NURSING HOME REVENUES												
21 TOTAL REVENUE	1,168,684	1,798,630	854,755		4,480,419	1,667,151		313,783				10,306,224
22 % OF NURSING HOME REVENUE	11.34%	17.45%	8.29%		43.47%	16.18%		3.04%				100.00%
23 PATIENT DAYS	4,063	7,292	3,208		10,208	4,375						29,166
24 % OF PATIENT DAYS	14.00%	25.00%	11.00%		35.00%	15.00%						100.00%
25 REVENUE PER PATIENT DAY	286.23	246.66	266.44		438.91	381.06						353.36
26 TOTAL NUMBER NURSING HOME BEDS												112
27 TOTAL NUMBER OTHER BEDS												
28 AVERAGE OCCUPANCY NURSING HOME												71.35%
29 AVERAGE OCCUPANCY OTHER												

PROJECTED REVENUES (TOTAL FACILITY)
FOR NURSING HOME PROJECTS
PAGE 2

	PVT -PVT (1)	Semi-Private (2)	SP - Comp (3)	ICF Mcaid (3A)	MEDICARE (4)	Managed Care (5)	Hospice (6)	MEDICARE PART B (7)	MISC (8)	RESTRICTED GRANTS & DONATIONS (9)	NON NURSING HOME REVENUE (10)	TOTAL (11)
1 ROUTINE SERVICES	1,563,992	2,392,359	1,140,629		3,518,060	1,507,740	-					10,122,780
2 PHYSICAL THERAPY	9,584	17,116	7,530		2,554,626	1,154,253		276,646				4,019,756
3 SPEECH THERAPY					231,577	28,990		38,654				299,221
4 OCCUPATIONAL THERAPY	6,350	11,341	4,989		2,135,182	839,983		120,390				3,118,235
5 AUDIOLOGICAL THERAPY												
6 MEDICAL SUPPLIES	4,036	7,207	3,171		49,729	22,453						86,595
7 PHARMACY	31,440	56,147	24,701		1,124,555	533,731						1,770,575
8 LAB	108	194	85		48,216	8,999						57,602
9 RADIOLOGY/MEDICAL SERVICES					62,566	24,803						87,369
10 OTHER - INHALATION THERAPY	3,972	7,093	3,121		23,479	7,179						44,844
11 OTHER ANCILLARY - IV THERAPY	3,365	6,009	2,644		80,145	9,897						102,060
12 UNRESTRICTED GRANTS/DONATIONS												
13 OUTPATIENT CLINIC												
14 OTHER NURSING HOME REVENUE												
15 ALLOWANCE FOR BAD DEBTS												
16 CONTRACTUAL ADJUSTMENTS												
17 PRIVATE ROOM REVENUE												
18 TOTAL NURSING HOME REVENUE	1,618,791	2,491,222	1,183,903		6,047,723	2,263,852		434,601				14,071,675
19 TOTAL RESTRICTED GRANTS/DONATIONS												
20 NON NURSING HOME REVENUES												
21 TOTAL REVENUE	1,618,791	2,491,222	1,183,903		6,047,723	2,263,852		434,601				14,071,675
22 % OF NURSING HOME REVENUE	11.50%	17.70%	8.41%		42.98%	16.09%		3.09%				100.00%
23 PATIENT DAYS	5,412	9,665	4,252		13,531	5,799						38,659
24 % OF PATIENT DAYS	14.00%	25.00%	11.00%		35.00%	15.00%						100.00%
25 REVENUE PER PATIENT DAY	299.11	257.76	278.43		446.95	390.39						363.99
26 TOTAL NUMBER NURSING HOME BEDS												112
27 TOTAL NUMBER OTHER BEDS												
28 AVERAGE OCCUPANCY NURSING HOME												94.57%
29 AVERAGE OCCUPANCY OTHER												

EFFECT ON PATIENT CHARGE RATES (TOTAL FACILITY)

Patient Charge/Reimbursement type:	Present Charge per Patient Day	Projected Charge per Patient Day During Construction	Projected Charge per Patient Day Year 1	Projected Charge per Patient Day Year 2	
Private/Private pay	237.00		276.54	288.99	
Semi-private/Private pay	203.00		236.87	247.53	
Semi Private - Companion	220.00		256.71	268.26	
Medicare Reimbursement	416.85		440.01	448.07	Hillview's 5/31/13 YTD Mix
ICF Medicaid					
Managed Care	356.42		382.02	389.66	Hillview's 5/31/13 YTD Rate
Hospice					

124
NHC/Maury Regional Transitional Care Center
ESTIMATED PPS PAYMENTS

PROJECTED PPS RATE	2013 JUL 12 AM 11 57 PERIOD	2.00%
416.85	10/1/12 - 9/30/13	
408.51	Sequestration	
416.68	10/1/13 - 9/30/14	2% Increase
425.01	10/1/14 - 9/30/15	2% Increase
433.51	10/1/15 - 9/30/16	2% Increase
442.18	10/1/16 - 9/30/17	2% Increase
451.02	10/1/17 - 9/30/18	2% Increase

YEAR 1 = 7/16 - 6/17

	# OF MONTHS IN PERIOD	PPS RATE FOR PERIOD	YEAR 1 PROJECTED PPS RATE
10/1/15 - 9/30/16	3	433.51	108.38
10/1/16 - 9/30/17	9	442.18	331.64
	12		440.01

YEAR 2 = 7/17 - 6/18

	# OF MONTHS IN PERIOD	PPS RATE FOR PERIOD	YEAR 2 PROJECTED PPS RATE
10/1/16 - 9/30/17	4	442.18	147.39
10/1/17 - 9/30/18	8	451.02	300.68
	12		448.07

125
NHC/Maury Regional Transitional Care Center
ESTIMATED PPS PAYMENTS - 10/1/12 - 9/30/13

RUGS Category	Therapy Minutes	Rate	% of Medicare Residents in RUGS Category	Estimated Medicare Reimbursement
RUX	720	639.80	0.00%	-
RUL	720	626.77	1.40%	8.80
RVX	500	562.14	0.00%	-
RVL	500	507.46	0.00%	-
RHX	325	503.44	0.00%	-
RHL	325	451.36	0.00%	-
RMX	150	457.51	0.00%	-
RML	150	421.05	0.00%	-
RLX	45	398.21	0.00%	-
RUC	720	495.28	21.83%	108.13
RUB	720	495.28	25.01%	123.86
RUA	720	421.07	4.95%	20.84
RVC	500	418.93	9.60%	40.20
RVB	500	366.85	9.76%	35.81
RVA	500	365.56	1.47%	5.38
RHC	325	360.23	1.30%	4.70
RHB	325	326.38	0.00%	-
RHA	325	289.92	0.00%	-
RMC	150	313.00	1.04%	3.24
RMB	150	294.77	1.30%	3.84
RMA	150	245.30	0.13%	0.33
RLB	45	299.27	0.00%	-
RLA	45	196.41	0.00%	-
ES3		551.36	0.00%	-
ES2		432.89	0.00%	-
ES1		387.32	2.31%	8.94
HE2		374.30	0.00%	-
HE1		311.81	0.00%	-
HD2		350.87	0.47%	1.64
HD1		293.58	0.00%	-
HC2		331.34	0.77%	2.55
HC1		277.96	0.30%	0.84
HB2		327.43	0.00%	-
HB1		275.36	1.67%	4.60
LE2		340.45	1.64%	5.58
LE1		285.77	0.00%	-
ID2		327.43	1.50%	4.93
ID1		275.36	1.84%	5.06
IC2		288.38	0.00%	-
IC1		244.11	0.00%	-
IB2		274.06	0.00%	-
IB1		233.69	0.03%	0.08
CE2		304.00	1.40%	4.27
CE1		280.56	0.23%	0.66
CD2		288.38	0.00%	-
CD1		264.94	1.67%	4.43
CC2		253.22	0.07%	0.17
CC1		235.00	1.20%	2.83
CB2		235.00	0.03%	0.08
CB1		218.07	0.00%	-
CA2		199.85	0.00%	-
CA1		186.82	0.00%	-
BB2		211.56	0.37%	0.78
BB1		202.45	1.14%	2.30
BA2		176.41	0.00%	-
BA1		168.60	2.11%	3.55
PE2		280.56	0.00%	-
PE1		267.54	1.10%	2.95
PD2		264.94	0.00%	-
PD1		251.92	0.90%	2.27
PC2		228.49	1.00%	2.29
PC1		218.07	0.40%	0.87
PB2		194.64	0.00%	-
PB1		186.82	0.00%	-
PA2		162.09	0.00%	-
PA1		155.58	0.03%	0.05
DEFAULT RATE		155.58	0.00%	-
Projected Medicare Reimbursement			100.00%	416.85

126
NHC/Maury Regional Transitional Care Center
Expense Projection
Year 1

			Amount In \$'s	Amount Per Day
INHALATION THERAPY			\$ 77,474.74	\$ 2.66
INHALATION THERAPY			\$ 7,680.75	\$ 0.26
TOTAL INHALATION THERAPY			85,155.49	2.92
MEDICAL SUPPLIES			\$ 118,880.86	4.08
MEDICAL SUPPLIES			7,827.75	0.27
MEDICAL SUPPLIES			126,708.61	4.34
PHARMACY			\$ 802,890.58	27.53
PHARMACY			72,963.90	2.50
TOTAL PHARMACY			875,854.48	30.03
IV THERAPY			\$ 137,966.49	4.73
IV THERAPY			7,788.60	0.27
TOTAL IV THERAPY			145,755.09	5.00
LABORATORY			\$ 37,686.04	1.29
RADIOLOGY/Medical Services			\$ 65,182.29	2.23
PHYSICAL THERAPY	FTE	111.76% Rate		
Purchased Service - RPT	3.00	68.69	428,625.60	14.70
Purchased Service - LPTA	3.00	56.70	353,808.00	12.13
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			2,587.88	0.09
TOTAL PHYSICAL THERAPY			785,021.48	26.92
OCCUPATIONAL THERAPY				
Purchased Service - OTR	2.50	68.69	357,188.00	12.25
Purchased Service - COTA	3.00	56.70	353,808.00	12.13
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			646.97	0.02
TOTAL OCCUPATIONAL THERAPY			711,642.97	24.40
SPEECH THERAPY				
Purch Serv - SLP-CCC	1.00	68.69	142,875.20	4.90
Purch Serv - STA			-	-
Purchased Service - Aides			-	-
ETO & SICK DAYS			-	-
PAYROLL TAXES			-	-
OTHER FRINGE			-	-
OTHER			323.49	0.01
TOTAL SPEECH THERAPY			143,198.69	4.91
TOTAL ANCILLARY EXPENSES			2,976,205.14	102.04
NURSING SERVICE				
ICF RN			\$ -	-
ICF LPN			-	-
ICF AIDES			-	-
SNF RN			847,610.88	29.06
SNF LPN			350,760.60	12.03
SNF AIDES			864,481.68	29.64
REHAB AIDES			22,946.40	0.79
PAYROLL TAXES			181,995.91	6.24
OTHER FRINGE			74,528.49	2.56
NURSING ADMIN SUPPLIES			28,790.19	0.99
PROFESSIONAL LIABILITY INSURANCE			443,520.00	15.21
EDUCATION			23,937.91	0.82
SMALL EQUIPMENT/REPAIRS			30,084.14	1.03
OTHER			103,515.31	3.55
TOTAL NURSING SERVICE			2,972,171.51	101.91

127
NHC/Maury Regional Transitional Care Center
Expense Projection
Year 1

			Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES			110,308.50	3.78
NON LEGEND DRUGS			27,496.25	0.94
SOCIAL SERVICE	FTE	111.76% Rate		
SALARIES - Director	1.00	26.13	54,350.40	1.86
SALARIES - Assistant	1.00	26.13	54,350.40	1.86
PAYROLL TAXES			8,631.33	0.30
OTHER FRINGE			809.19	0.03
MANAGEMENT FEE			-	-
OTHER			46,258.40	1.59
TOTAL SOCIAL SERVICE			164,399.72	5.64
ACTIVITIES	FTE	RATE		
SALARIES - Director	1.00	15.14	\$31,498.74	\$1.08
SALARIES - Assistant	0.75	12.08	18,846.94	0.65
PAYROLL TAXES			4,416.29	0.15
OTHER FRINGE			1,766.51	0.06
MANAGEMENT FEE			-	-
OTHER			22,320.49	0.77
TOTAL ACTIVITIES			78,848.96	2.70
DIETARY	FTE	Rate		
SALARIES - Reg Dietitian	1.00	23.47	48,817.23	\$1.67
SALARIES - Supervisor	1.00	27.29	56,767.46	1.95
SALARIES - Cooks	3.50	12.11	82,684.18	2.83
SALARIES - Aides	3.50	9.96	67,962.74	2.33
ETO & SICK DAYS - 8%			20,498.53	0.70
PAYROLL TAXES			24,438.27	0.84
OTHER FRINGE			8,886.65	0.30
FOOD			245,848.85	8.43
MANAGEMENT FEE			-	-
SUPPLIES			22,320.49	0.77
OTHER			63,079.64	2.16
TOTAL DIETARY			641,304.03	21.99
PLANT OPERATIONS				
SALARIES - Supervisor	1.00	19.02	\$39,565.20	\$1.36
SALARIES - Assistant	1.00	12.55	26,105.59	0.90
PAYROLL TAXES			5,051.60	0.17
OTHER FRINGE			2,755.42	0.09
UTILITIES			408,093.00	13.99
REPAIRS & MAINTENANCE			31,701.56	1.09
GROUND MAINTENANCE			20,000.00	0.69
MANAGEMENT FEE			-	-
OTHER			6,146.22	0.21
TOTAL PLANT OPERATIONS			539,418.60	18.49
HOUSEKEEPING				
SALARIES - Supervisor	0.50	15.74	16,365.39	\$0.56
SALARIES - Staff	7.50	12.22	178,651.44	6.13
ETO & SICK - 8%			15,601.35	0.53
PAYROLL TAXES			16,368.32	0.56
OTHER FRINGE			6,079.66	0.21
SUPPLIES			32,348.53	1.11
MANAGEMENT FEE			-	-
OTHER			14,880.33	0.51
TOTAL HOUSEKEEPING			280,295.02	9.61

128
NHC/Maury Regional Transitional Care Center
Expense Projection
Year 1

			Amount In \$'s	Amount Per Day
LAUNDRY AND LINEN				
SALARIES - Supervisor	0.50	15.74	16,365.39	0.56
SALARIES - Staff	2.80	11.65	63,584.44	2.18
ETO & SICK - 8%			6,395.99	0.22
PAYROLL TAXES			7,548.91	0.26
OTHER FRINGE			2,745.06	0.09
SUPPLIES & LINEN			21,997.00	0.75
MANAGEMENT FEE				-
OTHER			7,440.16	0.26
TOTAL LAUNDRY & LINEN			126,076.96	4.32
MEDICAL SERVICES			60,000.00	2.06
MEDICAL RECORDS				
SALARIES - Director	1.00	21.93	45,609.24	1.56
SALARIES - Staff	0.75	12.36	19,282.81	0.66
PAYROLL TAXES			5,604.31	0.19
OTHER FRINGE			294.96	0.01
SUPPLIES			4,528.79	0.16
MANAGEMENT FEE				-
OTHER			26,202.31	0.90
TOTAL MEDICAL RECORDS			101,522.43	3.48
ADMINISTRATIVE AND GENERAL				
SALARIES - Administrator	1.00	36.06	150,000.00	5.14
SALARIES - Bookkeeper	1.00	25.82	53,698.95	1.84
SALARIES - Bookkeeper	1.00	18.69	38,867.81	1.33
SALARIES - Secretary				-
SALARIES - Receptionist	2.10	14.19	61,997.88	2.13
PAYROLL TAXES			34,308.03	1.18
OTHER FRINGE			2,589.28	0.09
HEALTH INSURANCE			305,046.66	10.46
MANAGEMENT FEES			515,311.00	17.67
FEES MEMBERSHIP & DUES			323.49	0.01
TELEPHONE			15,000.00	0.51
EDUCATION			12,000.00	0.41
SUPPLIES			11,321.99	0.39
REPAIRS & MAINT - SMALL EQUIPMENT			9,057.59	0.31
STATE TAX FEE			249,200.00	8.54
OTHER			99,310.00	3.40
TOTAL ADMINISTRATIVE EXPENSES			1,558,032.68	53.42
TOTAL OPERATING EXPENSES			9,636,079.80	330.39
NET OPERATING INCOME			670,143.72	22.98
FIXED EXPENSES				
LEASE PAYMENT			1,180,723.04	\$40.48
INTEREST - WORKING CAPITAL				-
DEPRECIATION			129,420.00	4.44
PROPERTY INSURANCE			16,943.00	0.58
PROPERTY TAXES			155,306.00	5.32
TOTAL FIXED EXPENSES			1,482,392.04	50.83
TOTAL NURSING HOME COSTS			\$11,118,471.84	\$381.22

INTERMEDIATE CARE BUDG. OCCUPIED BEDS NSG. STATION													
SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON			5	-	*	0.00%	-	-	=	*	30	\$ -
	RN			7	-	*	8.00%	-	-	=	*	30	=
	LPN			7	-	*	6.00%	-	-	=	*	30	=
	CNA			7	-	*	5.00%	-	-	=	*	30	=
SECOND	RN			7	-								
	LPN			7	-								
	CNA			7	-								
THIRD	RN			7	-								
	LPN			7	-								
	CNA			7	-								
				5	-	-	5.00%	*	-	=	*	30	=
				5	-	-	5.00%	*	-	=	*	30	=
				5	-	-	0.00%	*	-	=	*	30	=
				5	-	-	8.00%	*	-	=	*	30	=
TOTAL HRS. ICF:													\$ -
HRS. PPD. ICF:													\$ -
#DIV/0!													\$ -

[illegible][illegible]

130
NHC/Maury Regional Transitional Care Center

RUGS Category	Therapy Minutes	% of Medicare Residents in RUGS Category	Estimated Year 1 Medicare Part A Days	Estimated Patient Days in RUG Category	Therapy Minutes Required Per Patient Day	Estimated Minutes of Therapy Required
RUX	720		10,208	-	103	-
RUL	720	1.40%	10,208	143	103	14,729
RVX	500		10,208	-	71	-
RVL	500		10,208	-	71	-
RHX	325		10,208	-	46	-
RHL	325		10,208	-	46	-
RMX	150		10,208	-	21	-
RML	150		10,208	-	21	-
RLX	45		10,208	-	6	-
RUC	720	21.83%	10,208	2,229	103	229,587
RUB	720	25.01%	10,208	2,553	103	262,959
RUA	720	4.95%	10,208	505	103	52,015
RVC	500	9.60%	10,208	980	71	69,580
RVB	500	9.76%	10,208	997	71	70,787
RVA	500	1.47%	10,208	150	71	10,650
RHC	325	1.30%	10,208	133	46	6,118
RHB	325		10,208	-	46	-
RHA	325		10,208	-	46	-
RMC	150	1.04%	10,208	106	21	2,226
RMB	150	1.30%	10,208	133	21	2,793
RMA	150	0.13%	10,208	14	21	294
RLB	45		10,208	-	6	-
RLA	45		10,208	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				7,943		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS 721,738
ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS 5.78

TOTAL MEDICARE RESIDENTS 27.97
TOTAL MANAGED CARE RESIDENTS 11.99
ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS 2.48

ESTIMATED PART B AND PRIVATE THERAPY REVENUE \$ 345,832
ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMENT 18.75
ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT) 18,444
ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS 276,660
ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS 2.22
ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CARE 10.48
NON PRODUCTIVE FACTOR (20%) 2.10
TOTAL THERAPY STAFF REQUIRED 12.58

PROPOSED THERAPY STAFF				
POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF
OTR	0.1783	80	5,200	2.50
COTA	0.2139	80	6,240	3.00
OT AIDES	-	80	-	-
Purch Service		80		
 RPT	 0.2139	 80	 6,240	 3.00
LPTA	0.2139	80	6,240	3.00
PT AIDES	-	80	-	
Purch Service		80		
 SLP - CCC	 0.0713	 80	 2,080	 1.00
STA	-	80	-	-
ST AIDE	-	80	-	-
Purch Service		80		
TOTAL THERAPY STAFF PER BUDGET				12.50

131
NHC/Maury Regional Transitional Care Center
Expense Projection
Year 2

			Amount In \$'s	Amount Per Day
INHALATION THERAPY			\$ 105,774.82	\$ 2.74
INHALATION THERAPY			10,639.50	0.28
TOTAL INHALATION THERAPY			\$ 116,414.32	\$ 3.01
MEDICAL SUPPLIES			\$ 162,305.84	4.20
MEDICAL SUPPLIES			10,809.75	0.28
TOTAL MEDICAL SUPPLIES			\$ 173,115.59	4.48
PHARMACY			\$ 1,096,171.66	28.35
PHARMACY			101,060.10	2.61
TOTAL PHARMACY			1,197,231.76	30.97
IV THERAPY - Medicare/Managed Care			\$ 188,363.10	4.87
IV THERAPY - Private/Medicaid			10,816.20	0.28
TOTAL IV THERAPY			199,179.30	5.15
LABORATORY			51,452.05	1.33
RADIOLOGY			88,992.18	2.30
PHYSICAL THERAPY	FTE	Rate		
Purchased Service - RPT	4.00	70.41	585,811.20	15.15
Purchased Service - LPTA	4.00	58.12	483,558.40	12.51
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS	-	-	-	-
PAYROLL TAXES	-	-	-	-
OTHER FRINGE	-	-	-	-
OTHER	-	-	3,533.10	0.09
TOTAL PHYSICAL THERAPY			1,072,902.70	27.75
OCCUPATIONAL THERAPY				
Purchased Service - OTR	4.00	70.41	585,811.20	15.15
Purchased Service - COTA	4.00	58.12	483,558.40	12.51
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS	-	-	-	-
PAYROLL TAXES	-	-	-	-
OTHER FRINGE	-	-	-	-
OTHER	-	-	883.27	0.02
TOTAL OCCUPATIONAL THERAPY			1,070,252.87	27.68
SPEECH THERAPY				
Purch Serv - SLP-CCC	1.00	70.41	146,452.80	3.79
Purch Serv - STA	-	-	-	-
Purchased Service - Aides	-	-	-	-
ETO & SICK DAYS	-	-	-	-
PAYROLL TAXES	-	-	-	-
OTHER FRINGE	-	-	-	-
OTHER	-	-	441.64	0.01
TOTAL SPEECH THERAPY			146,894.44	3.80
TOTAL ANCILLARY EXPENSES			4,116,435.20	106.48
NURSING SERVICE				
ICF RN			-	-
ICF LPN			-	-
ICF AIDES			-	-
SNF RN			1,048,359.36	27.12
SNF LPN			484,288.68	12.53
SNF AIDES			1,154,223.00	29.86
REHAB AIDES			32,918.40	0.85
PAYROLL TAXES			237,314.54	6.14
OTHER FRINGE			97,181.82	2.51
NURSING ADMIN SUPPLIES			39,305.70	1.02
PROFESSIONAL LIABILITY INSURANCE			456,825.60	11.82
EDUCATION			32,681.15	0.85
SMALL EQUIPMENT/REPAIRS			41,072.25	1.06
OTHER			141,323.87	3.66
TOTAL NURSING SERVICE			3,765,494.37	97.40

132
NHC/Maury Regional Transitional Care Center
Expense Projection
Year 2

			Amount In \$'s	Amount Per Day
ROUTINE CENTRAL SUPPLIES			150,598.25	3.90
NON LEGEND DRUGS			37,539.15	0.97
SOCIAL SERVICE	FTE	114.56% Rate		
SALARIES - Director	1.00	26.78	\$55,709.16	\$1.44
SALARIES - Assistant	2.00	26.78	111,418.32	2.88
PAYROLL TAXES			13,270.67	0.34
OTHER FRINGE			1,244.13	0.03
MANAGEMENT FEE				-
OTHER			63,154.11	1.63
TOTAL SOCIAL SERVICE			244,796.38	6.33
ACTIVITIES	FTE	RATE		
SALARIES - Director	1.00	15.52	\$32,286.20	\$0.84
SALARIES - Assistant	1.00	12.38	25,757.48	0.67
PAYROLL TAXES			5,091.55	0.13
OTHER FRINGE			2,036.62	0.05
MANAGEMENT FEE				-
OTHER			30,472.96	0.79
TOTAL ACTIVITIES			95,644.82	2.47
DIETARY	FTE	Rate		
SALARIES - Reg Dietitian	1.00	24.06	50,037.66	\$1.29
SALARIES - Supervisor	1.00	27.97	58,186.65	1.51
SALARIES - Cooks	4.90	12.42	118,651.80	3.07
SALARIES - Aides	4.90	10.21	97,526.53	2.52
ETO & SICK DAYS - 8%			25,952.21	0.67
PAYROLL TAXES			30,940.14	0.80
OTHER FRINGE			11,250.96	0.29
FOOD			335,644.20	8.68
MANAGEMENT FEE				-
SUPPLIES			30,472.96	0.79
OTHER			86,119.24	2.23
TOTAL DIETARY			844,782.34	21.85
PLANT OPERATIONS				
SALARIES - Supervisor	1.00	19.50	\$40,554.33	\$1.05
SALARIES - Assistant	1.00	12.86	26,758.23	0.69
PAYROLL TAXES			5,177.89	0.13
OTHER FRINGE			2,824.30	0.07
UTILITIES			420,335.79	10.87
REPAIRS & MAINTENANCE			23,848.40	0.62
GROUND MAINTENANCE			20,600.00	0.53
MANAGEMENT FEE				-
OTHER			8,391.11	0.22
TOTAL PLANT OPERATIONS			548,490.06	14.19
HOUSEKEEPING				
SALARIES - Supervisor	0.50	16.13	16,774.53	\$0.43
SALARIES - Staff	9.00	12.52	219,741.28	5.68
ETO & SICK - 8%			18,921.26	0.49
PAYROLL TAXES			19,851.45	0.51
OTHER FRINGE			7,373.39	0.19
SUPPLIES			44,163.71	1.14
MANAGEMENT FEE				-
OTHER			20,315.31	0.53
TOTAL HOUSEKEEPING			347,140.93	8.98

133
NHC/Maury Regional Transitional Care Center
Expense Projection
Year 2

			Amount In \$'s	Amount Per Day
LAUNDRY AND LINEN				
SALARIES - Supervisor	0.50	16.13	15,726.12	0.41
SALARIES - Staff	3.50	11.94	81,467.56	2.11
ETO & SICK - 8%			7,775.49	0.20
PAYROLL TAXES			9,177.09	0.24
OTHER FRINGE			3,337.12	0.09
SUPPLIES & LINEN			30,031.32	0.78
MANAGEMENT FEE			-	-
OTHER			10,157.65	0.26
TOTAL LAUNDRY & LINEN			157,672.37	4.08
MEDICAL SERVICES			61,800.00	1.60
MEDICAL RECORDS				
SALARIES - Director	1.00	22.48	46,749.47	\$1.21
SALARIES - Staff	1.00	12.67	26,353.17	0.68
PAYROLL TAXES			6,313.41	0.16
OTHER FRINGE			332.28	0.01
SUPPLIES			6,182.92	0.16
MANAGEMENT FEE			-	-
OTHER			35,772.61	0.93
TOTAL MEDICAL RECORDS			121,703.86	3.15
ADMINISTRATIVE AND GENERAL				
SALARIES - Administrator	1.00		165,000.00	\$4.27
SALARIES - Bookkeeper	1.00	26.46	55,041.43	1.42
SALARIES - Bookkeeper	1.00	19.15	39,839.51	1.03
SALARIES - Secretary			-	-
SALARIES - Receptionist	2.10	14.55	63,547.83	1.64
PAYROLL TAXES			36,433.00	0.94
OTHER FRINGE			2,749.66	0.07
HEALTH INSURANCE			416,463.79	10.77
MANAGEMENT FEES			703,584.00	18.20
FEES MEMBERSHIP & DUES			441.64	0.01
TELEPHONE			15,450.00	0.40
EDUCATION			12,360.00	0.32
TRAVEL			15,457.30	0.40
REPAIRS & MAINT - SMALL EQUIPMENT			12,365.84	0.32
STATE TAX FEE			249,200.00	6.45
OTHER			135,582.59	3.51
TOTAL ADMINISTRATIVE EXPENSES			1,923,516.58	49.76
TOTAL OPERATING EXPENSES			12,415,614.31	321.16
NET OPERATING INCOME			1,656,060.69	42.84
FIXED EXPENSES				
LEASE PAYMENT			1,204,337.50	\$31.15
INTEREST - WORKING CAPITAL			-	-
DEPRECIATION			129,420.00	3.35
PROPERTY INSURANCE			17,451.29	0.45
PROPERTY TAXES			159,965.18	4.14
TOTAL FIXED EXPENSES			1,511,173.97	39.09
TOTAL NURSING HOME COSTS			\$13,926,788.28	\$360.25

SHIFT	CATEGORY	NUMBER	HOURS	DAYS PER WEEK	AVERAGE HOURS PER DAY	AVERAGE HRS. BY CATEGORY	ETO & SICK %	ETO/SICK HOURS	TOTAL HOURS	AV. PAY RATE	DAILY TOTAL	AV. DAYS IN MONTH	MO. PAY CATEGORY
FIRST	DON			5	-		0.00%	-				30	\$
	RN			7	-		8.00%	-				30	
	LPN			7	-		6.00%	-				30	
	CNA			7	-		5.00%	-				30	
SECOND	RN			7	-								
	LPN			7	-								
	CNA			7	-								
THIRD	RN			7	-								
	LPN			7	-								
	CNA			7	-								
				5	-		5.00%	-				30	
				5	-		5.00%	-				30	
				5	-		0.00%	-				30	
				5	-		8.00%	-				30	
TOTAL HRS. ICF: _____													
HRS. PPD. ICF: _____													
#DIV/0!													

SKILLED CARE				BUDG. OCCUPIED BEDS		94.57%		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE		AVERAGE</	
--------------	--	--	--	---------------------	--	--------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	---------	--	-----------	--

REHAB AIDES		1.00	7.50	7	7.50	5.00% *	0.38	7.88	\$11.60 =	91.44 *	30	= \$ 2,743.20
CATEGORY	(FTE's) NUMBER OF EMPLOYEES	% OF TURNOVER	ORIENTATION			DAILY HOURS	AVG PAY	DAILY TOTAL	MO PAY TOTAL	(A) TOTAL HRS. (ICF, SNF, REHAB)	408.57	
			NEW EMPLOYEES	ANNUAL ORIENTATION HOURS	ORIENTATION HOURS							
RN	9.80	100.00%	9.80	392.00	1.07	\$71.23	76.50	x	30.00	(B) TOTAL ORIENTATION HOURS	7.45	
LPN	11.20	100.00%	11.20	448.00	1.23	\$30.40	37.32	x	30.00	(C) TOTAL "DIRECT" HOURS	416.02	
CNA	49.00	100.00%	49.00	1,837.50	5.03	\$11.60	58.42	x	30.00	(D) TOTAL "DIRECT" HOURS PPD	3.93	
REHAB AIDES	1.40	100.00%	1.40	42.00	0.12	\$11.60	1.34	x	30.00	(E) TOTAL ETO / SICK HOURS	22.99	
										(F) TOTAL HRS. (C+E)	439.01	
										(G) TOTAL PATIENT DAYS	105.92	
										(H) TOTAL HRS. PPD:	4.14	
TOTAL NURSING SALARIES											\$226,649.12	

135
NHC/Maury Regional Transitional Care Center

RUGS Category	Therapy Minutes	% of Medicare Residents in RUGS Category	Estimated Year 2 Medicare Part A Days	Estimated Patient Days in RUG Category	Therapy Minutes Required Per Patient Day	Estimated Minutes of Therapy Required
RUX	720		13,531	-	103	-
RUL	720	1.40%	13,531	190	103	19,570
RVX	500		13,531	-	71	-
RVL	500		13,531	-	71	-
RHX	325		13,531	-	46	-
RHL	325		13,531	-	46	-
RMX	150		13,531	-	21	-
RML	150		13,531	-	21	-
RLX	45		13,531	-	6	-
RUC	720	21.83%	13,531	2,954	103	304,262
RUB	720	25.01%	13,531	3,384	103	348,552
RUA	720	4.95%	13,531	670	103	69,010
RVC	500	9.60%	13,531	1,298	71	92,158
RVB	500	9.76%	13,531	1,321	71	93,791
RVA	500	1.47%	13,531	199	71	14,129
RHC	325	1.30%	13,531	176	46	8,096
RHB	325		13,531	-	46	-
RHA	325		13,531	-	46	-
RMC	150	1.04%	13,531	140	21	2,940
RMB	150	1.30%	13,531	176	21	3,696
RMA	150	0.13%	13,531	18	21	378
RLB	45		13,531	-	6	-
RLA	45		13,531	-	6	-
ESTIMATED PART A RESIDENTS RECEIVING THERAPY				10,526		

ESTIMATED THERAPY MINUTES REQUIRED FOR PART A RESIDENTS 956,582
ESTIMATED THERAPY STAFF REQUIRED FOR PART A RESIDENTS 7.66

TOTAL MEDICARE RESIDENTS 37.07
TOTAL MANAGED CARE RESIDENTS 15.89
ADDITIONAL THERAPY STAFF FOR MANAGED CARE RESIDENTS 3.28

ESTIMATED PART B AND PRIVATE THERAPY REVENUE \$ 478,993
ESTIMATED "FEE SCREEN AMOUNT" PER 15 MINUTE PART B TREATMENT 18.75
ESTIMATED PART B TREATMENTS (15 MINUTES PER TREATMENT) 25,546
ESTIMATED MINUTES REQUIRED FOR PART B TREATMENTS 383,190
ESTIMATED THERAPY STAFF REQUIRED FOR PART B TREATMENTS 3.07
ESTIMATED TOTAL THERAPY STAFF REQUIRED FOR PART A, PART B AND MANAGED CARE 14.01
NON PRODUCTIVE FACTOR (20%) 2.80
TOTAL THERAPY STAFF REQUIRED **16.81**

PROPOSED THERAPY STAFF				
POSITION	HOURS PPD	PATIENT DAYS	BUDGETD HOURS	BUDGETED STAFF
OTR	0.2152	106	8,320	4.00
COTA	0.2152	106	8,320	4.00
OT AIDES	-	106	-	-
Purch Service		106		
RPT	0.2152	106	8,320	4.00
LPTA	0.2152	106	8,320	4.00
PT AIDES	-	106	-	-
Purch Service		106		
SLP - CCC	0.0538	106	2,080	1.00
STA	-	106	-	-
ST AIDE	-	106	-	-
Purch Service		106		
TOTAL THERAPY STAFF PER BUDGET				17.00

NHC/Maury Regional Transitional Center

Staffing - Full Time Equivalents Year 2

	<u>112 Beds</u>
Administrator	1.00
Medical Director	*
Secretary	
Receptionist	2.10
Bookkeeper	2.00
RN's	9.80
LPN's	11.20
Aides	46.20
DON	1.00
Nursing Supply Clerk	1.00
Nursing Secretary	1.00
MDS Coordinator	2.00
ADON	1.00
Rehab Aides	1.00
Assisted Living	
Medical Records - Head	1.00
Medical Records - Staff	1.00
Speech Therapy	*
Occupational Therapy	*
Physical Therapy	*
Dietary	10.80
Laundry	4.00
Housekeeping	9.50
Maintenance - Dept Head	1.00
Maintenance - Staff	1.00
Other (spec.)	
Activities - Dept Head	1.00
Activities Staff	1.00
Social Services - Dept Head	1.00
Social Services - Staff	<u>2.00</u>
Total	112.60

* Consultants

NHC/Maury Regional Transitional Care Center
Applicant's Projected Payor Mix by Level of Care

YEAR 1									
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD	
Medicare/Skilled Care	329	10,208	27.97	7,107,479	(2,627,060)	4,480,419	43.47%	438.91	
Managed Care/Tenn Care Skilled Care	141	4,375	11.99	2,992,723	(1,325,572)	1,667,151	16.18%	381.06	
Private Pay - Skilled		-	-	-	-	-	0.00%		
Managed Care/Tenn Care ICF		-	-	-	-	-	0.00%		
Hospice		-	-	-	-	-	0.00%		
Private Pay - ICF	69	14,583	39.95	3,831,648	(9,579)	3,822,069	37.09%	262.09	
Medicare Part B				314,569	(786)	313,783	3.04%	10.76	(1)
Other Revenue				22,802	-	22,802	0.22%	0.78	(1)
							100.00%		
Total - Skilled	470	14,583	39.96	10,100,202	(3,952,632)	6,147,570	59.65%	421.56	
Total - ICF	69	14,583	39.95	3,831,648	(9,579)	3,822,069	37.09%	262.09	
Total Other Revenue				337,371	(786)	336,585	3.27%	11.54	
Grand Total	539	29,166	79.91	14,269,221	(3,962,997)	10,306,224	100.00%	353.36	

YEAR 2									
Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD	% Inflation
Medicare/Skilled Care	437	13,531	37.07	9,828,135	(3,780,412)	6,047,723	43.01%	446.95	1.83%
Managed Care/Tenn Care Skilled Care	187	5,799	15.89	4,128,131	(1,874,176)	2,253,955	16.03%	388.68	2.00%
Private Pay - Skilled		-	-	-	-	-	0.00%		
Managed Care/Tenn Care ICF		-	-	-	-	-	0.00%		
Hospice		-	-	-	-	-	0.00%		
Private Pay - ICF	92	19,329	52.96	5,307,184	(13,268)	5,293,916	37.65%	273.88	4.50%
Medicare Part B				435,690	(1,089)	434,601	3.09%	11.24	0.00%
Other Revenue				31,583	-	31,583	0.22%	0.82	4.50%
							100.00%		
Total - Skilled	624	19,330	52.96	13,956,266	(5,654,588)	8,301,678	59.04%	429.47	1.88%
Total - ICF	92	19,329	52.96	5,307,184	(13,268)	5,293,916	37.65%	273.88	4.50%
Total Other Revenue				467,273	(1,089)	466,184	3.32%	12.06	4.49%
Grand Total	716	38,659	105.92	19,730,723	(5,668,945)	14,061,778	100.00%	363.74	2.94%

(1) - Medicare Part B Revenue and other revenue is divided by total patient days to determine PPD amount.

Section C Economic Feasibility – 6b

Estimated Nursing Home Rates

Maury County 2011 Nursing Home Rates

NURSING HOMES	2011 Rates						
	SNF/Medicare	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt Level I	
		Level II	Level I	Level II	Level I	Level II	Level I
1 Life Care Center of Columbia	\$491.00	\$162.00	\$159.00	\$217.00	\$219.00	\$189.00	\$190.00
2 Maury Regional Hospital SNU	\$945.00	N/A	N/A	N/A	N/A	\$576.00	N/A
3 Mt Pleasant Healthcare and Rehab	\$443.00	\$134.00	\$134.00	N/A	N/A	\$180.00	\$150.00
4 NHC HealthCare, Columbia	\$434.00	\$178.00	\$160.00	\$221.00	\$218.00	\$191.00	\$188.00
5 NHC HealthCare, Hillview	\$453.00	\$177.00	\$162.00	\$222.00	\$200.00	\$197.00	\$186.00
6 Signature Healthcare of Columbia	\$181.00	\$148.00	\$181.00	N/A	\$181.00	N/A	\$181.00
Average Rates	\$474.50	\$159.80	\$159.20	\$220.00	\$204.50	\$266.60	\$179.00

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge

Maury County Estimated 2015 Nursing Home Rates

NURSING HOMES	SNF/Medicare	Estimated 2015 Rates					
		Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
		Level II	Level I	Level II	Level I	Level II	Level I
1 Life Care Center of Columbia	\$585.53	\$193.19	\$189.61	\$258.78	\$261.16	\$225.39	\$226.58
2 Maury Regional Hospital SNU	\$1,007.68	N/A	N/A	N/A	N/A	\$686.89	N/A
3 Mt Pleasant Healthcare and Rehab	\$528.29	\$159.80	\$159.80	N/A	N/A	\$214.65	\$178.88
4 NHC HealthCare, Columbia	\$517.55	\$212.27	\$190.80	\$263.55	\$259.97	\$227.77	\$224.19
5 NHC HealthCare, Hillview	\$540.21	N/A	\$193.19	\$264.74	\$238.50	\$234.93	\$221.81
6 Signature Healthcare of Columbia	\$215.85	\$176.49	\$215.85	N/A	\$215.85	N/A	\$215.85
Average Rates	\$565.85	\$185.44	\$189.85	\$262.35	\$243.87	\$317.93	\$213.46

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge inflated 4.5% to Year 2015

Maury County Estimated 2016 Nursing Home Rates

NURSING HOMES	Estimated 2015 Rates					
	SNF/Medicare	Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt
		Level II	Level I	Level II	Level I	Level I
1 Life Care Center of Columbia	\$611.88	\$201.88	\$198.14	\$270.42	\$272.91	\$235.53
2 Maury Regional Hospital SNU	\$1,053.02	N/A	N/A	N/A	N/A	N/A
3 Mt Pleasant Healthcare and Rehab	\$552.06	\$166.99	\$166.99	N/A	N/A	\$186.93
4 NHC HealthCare, Columbia	\$540.84	\$221.82	\$199.39	\$275.41	\$271.67	\$234.28
5 NHC HealthCare, Hillview	\$584.52	N/A	\$201.88	\$276.65	\$249.24	\$231.79
6 Signature Healthcare of Columbia	\$225.56	\$184.43	\$225.56	N/A	\$225.56	\$225.56
Average Rates	\$591.31	\$193.78	\$198.39	\$274.16	\$254.84	\$223.07

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge inflated 4.5% to Year 2016.

Maury County Estimated 2017 Nursing Home Rates

NURSING HOMES	SNF/Medicare	Estimated 2015 Rates					
		Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt	
		Level II	Level I	Level II	Level I	Level II	Level I
1 Life Care Center of Columbia	\$639.41	\$210.97	\$207.06	\$282.59	\$285.19	\$246.13	\$247.43
2 Maury Regional Hospital SNU	\$1,100.41	N/A	N/A	N/A	N/A	\$750.10	N/A
3 Mt Pleasant Healthcare and Rehab	\$576.90	\$174.50	\$174.50	N/A	N/A	\$234.41	\$195.34
4 NHC HealthCare, Columbia	\$565.18	\$231.80	\$208.36	\$287.80	\$283.89	\$248.73	\$244.82
5 NHC HealthCare, Hillview	\$589.92	N/A	\$210.97	\$289.10	\$260.45	\$256.55	\$242.22
6 Signature Healthcare of Columbia	\$235.71	\$192.73	\$235.71	N/A	\$235.71	N/A	\$235.71
Average Rates	\$617.92	\$202.50	\$207.32	\$286.50	\$266.31	\$347.18	\$233.10

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge inflated 4.5% to Year 2017.

Section III – Contribution of Orderly Development – 3

Salary Comparison

Nursing	2012 Wages	NHC/Maury Regional Transitional Year 1 Average Wages
RN	\$26.45	\$29.66
LPN	\$16.20	\$18.81
C N A	\$9.45	\$11.32

Source: Tennessee Department of Labor & Workforce Development 2012 Occupational Employment and Wages
BOS Area Healthcare Practitioners and Technical Operations

Section III – Contribution of Orderly Development – 7 (c)

Survey



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE

2975 C Highway 45 Bypass
Jackson, Tennessee 38305
Telephone: (731) 984-9684
Fax: (731) 512-0063

December 06, 2011

Mr. Edward Moore, Administrator
NHC Healthcare, Hillview
2710 Trotwood Avenue
Columbia, TN 38401

RE: Compliance Notice
Recertification Survey
CCN 44-5030

Dear Mr. Moore:

The West Tennessee Regional Office of Health Care Facilities conducted a recertification survey at your facility on October 24-26, 2011. Based on a review of your plan of correction for deficiencies cited as a result of the survey, we are accepting your plan of correction and are assuming your facility is in compliance with all participation requirements as of 12/01/2011. This office is recommending certification in the Medicare and/or Medicaid program.

If you have any questions, please feel free to contact this office.

Sincerely,

Jan Priddy, RN
Public Health Nurse Consultant 2

JP/rm



State of Tennessee
 DEPARTMENT OF HEALTH
 DIVISION OF HEALTH CARE FACILITIES
 WEST TENNESSEE REGIONAL OFFICE
 2975 Highway 45 Bypass, Suite C
 Jackson, Tennessee 38305
 Phone: (731) 984-9684

IMPORTANT NOTICE – PLEASE READ CAREFULLY
 (Receipt of this notice is presumed to be 11/01/2011, date notice faxed.)

November 1, 2011

Mr. Edward Moore, Administrator
 NHC Healthcare, Hillview
 2710 Trotwood Avenue
 Columbia, TN 38401

RE: Recertification Survey
CCN: 44-5030

Dear Mr. Moore:

A recertification survey was conducted at your facility by the Department of Health West Tennessee Regional Office of Health Care Facilities on **October 24-26, 2011**, to determine if your facility was in compliance with Federal participation requirements for Nursing Homes participating in the Medicare and/or Medicaid Programs. This survey found that your facility was **not in substantial compliance with the participation requirements.**

No deficiencies were cited on the life safety portion of the survey conducted on 10/24/2011.

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

PLAN OF CORRECTION (POC)

A POC for the deficiencies must be submitted by **November 11, 2011**. Failure to submit an acceptable POC by **November 11, 2011**, may result in the imposition of remedies by **November 26, 2011**. You may fax your Plan of Correction to this office to accomplish the deadline. Please mail your Plan of Correction with an original signature to this office at the address above.

The POC must respond to the following:

- What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;
- How you will identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;
- What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and
- How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

If you do not achieve substantial compliance by **November 26, 2011**, this office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the state Medicaid agency that enforcement remedies be imposed:

CIVIL MONEY PENALTY OF \$50 to \$3000 PER DAY, EFFECTIVE THE LAST DAY OF SURVEY

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

Mandatory Remedies

If substantial compliance is not achieved within 3 months after the last day of the survey (**January 26, 2012**) identifying noncompliance, the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions. This office will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **April 26, 2012**, if substantial compliance is not achieved by that time.

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination or any other remedy is warranted, it will provide you with a separate formal notification of that determination.

Informal Dispute Resolution (IDR):

In accordance with 488.331, you have one opportunity to question cited deficiencies. The facility must submit this written request within ten (10) days after the date that the facility receives the statement of deficiencies.

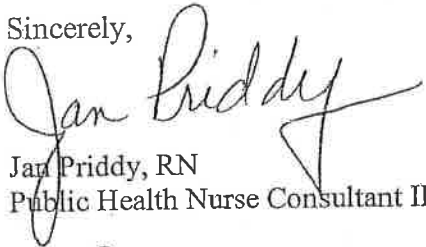
Upon receiving the facility's request to participate, the state survey agency shall perform a desk review for all deficiencies unless the facility requests a face-to-face IDR. Desk reviews will be conducted by the regional office that cited the deficiency. A facility may request a face-to-face IDR to be conducted before a panel but only for substandard or immediate jeopardy level deficiencies. In making a request to participate in the IDR process (desk review or face-to-face), a facility's request must be accompanied by the following: a short, plain statement of the facts containing the reasons for requesting participation in the IDR process; a copy of the CMS 2567

form; a summary of the facility's dispute with the cited deficiencies stating that the deficiency should not have been cited and the reasons for this assertion; proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) supporting the facility's position disputing the deficiencies; and a plan of corrective action.

Should the facility request a face-to-face IDR, then the facility shall submit the following additional information: a list of individuals who intend to appear at the face-to-face IDR (should one be requested for substandard and/or immediate jeopardy deficiencies); and proof (in the form of documentation that shall consist of no more than ten (10) typed pages with a font size of not less than ten (10) and/or other evidence that may consist of photographs or flow chart visual aids) specifically disputing the scope and severity of the cited immediate jeopardy or substandard deficiencies. If the facility is requesting a desk review in addition to a face-to-face IDR, the facility must submit two separate requests with their plan of correction to the State Survey Agency at the address on this letter by fax at (731) 512-0063. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions concerning the instructions contained in this letter, please contact me at the number in this letter.

Sincerely,



Jan Priddy, RN
Public Health Nurse Consultant II

JP/rm



Enclosure: CMS Form 2567

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/31/2011
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445030	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 10/26/2011
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, HILLVIEW		STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE COLUMBIA, TN 38401		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE)	(X5) COMPLETION DATE
F226 SS=D	<p>483.13(0) DEVELOP/IMPLMENT ABUSE/NEGLECT, ETC POLICIES</p> <p>The facility must develop and implement written policies and procedures that prohibit mistreatment, neglect, and abuse of residents and misappropriation of resident property.</p> <p>This REQUIREMENT is not met as evidenced by: Based on review of the State Operations Manual, policy review and interviews, it was determined the facility failed to ensure the education of residents and families on how and to whom they may report concerns, incidents and grievances without fear of retribution.</p> <p>The findings included:</p> <p>Review of the State Operations Manual, Appendix PP, F226, III. Prevention (483.13(b) and 483.13(c) documented, "Provide residents, families and staff information on how and to whom they may report concerns, incidents and grievances without the fear of retribution."</p> <p>Review of the facility's "Patient Protection and Response" policy failed to document education to the residents and their families concerning how and to whom residents and families may report concerns, incidents and grievances without fear of retribution.</p> <p>During an interview in the Director of Nursing (DON) office on 10/26/11 at 2:48 PM, the DON was asked if there was anything written in the facility's Abuse policy on educating the residents and their families about how and to whom they</p>	F226	<p>This plan of correction is submitted as required under state and federal law and admission on the part of the center that the findings constitute a deficiency, or that the scope and severity regarding any of the deficiencies are correctly applied.</p> <p>The center will develop and implement procedures that prohibit mistreatment, neglect, and abuse of patients and misappropriation of patients' property.</p> <p>In addition to the "How to Report" policy posted in the lobby and patients' rights handbook. The center will ensure the education to patients and families on how and to whom they may report concerns, incidents, and grievances without fear of retribution. This will be added to the agenda for the monthly patient council meetings beginning November 21, 2011.</p> <p>Social Services will discuss and notify family of the "How to Report" posting in the lobby on admission and during monthly patient council meetings. QA will be conducted monthly x4 or until substantial compliance is met.</p> <p>Social Services will report compliance to the QA committee monthly beginning December until substantial compliance is met.</p>	11/4/2011

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

PARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID
SERVICES

PRINTED: 10/31/2011
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445030	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING	(X3) DATE SURVEY COMPLETED 10/26/2011
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, HILLVIEW			STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE COLUMBIA, TN 38401	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 226	Continued From page 1 may report any abuse. The DON stated, "...no, that information isn't in our Abuse policy..." F 283 483.20(l)(1)&(2) ANTICIPATE DISCHARGE: SS=D RECAP STAY/FINAL STATUS When the facility anticipates discharge a resident must have a discharge summary that includes a recapitulation of the resident's stay; and a final summary of the resident's status to include items in paragraph (b)(2) of this section, at the time of the discharge that is available for release to authorized persons and agencies, with the consent of the resident or legal representative. This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, it was determined the facility failed to develop a complete recapitulation of the resident's stay for 2 of 2 (Residents #14 and 16) sampled discharged residents reviewed The findings included: 1. Medical record review for Resident #14 documented an admission date of 8/31/11 with diagnoses of Left Femur Fracture, Status Post Open Reduction Internal Fixation, Hypertension, Vertigo, and Chronic Pain with a discharge date of 9/12/11. The facility's recapitulation failed to document a complete recapitulation of Resident # 14's stay which included nursing care, physical therapy services and occupational therapy services. 2. Medical record review for Resident #16 documented an admission date of 9/2/11 with	F226		
		F283	When the center anticipates discharge a resident will have a discharge summary that includes a recapitulation of the residents stay. All nurses will be in serviced regarding appropriate recapitulation documentation by the DON. DON and/ or ADON will review 5 discharges for appropriate recapitulation documentation weekly x 4 weeks or until substantial compliance is met. The DON will report compliance to the QA committee monthly beginning December or until substantial compliance is met.	11/15/2011

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/31/2011
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445030	(X2) MULTIPLE CONSTRUCTION A. BUILDING B. WING		(X3) DATE SURVEY COMPLETED 10/26/2011
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, HILLVIEW			STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE COLUMBIA, TN 38401		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F283	Continued From page 2 diagnoses of After Care Follow Knee Replacement, End Stage Renal Disease, Hypertension and Osteoarthritis and a discharge date of 9/22/11. Review of the facility's "NHC [National Healthcare] Discharge Summary" dated 9/22/11 documented, "...pt. [patient] admitted c [with] dx [diagnosis] of r [right] TKA [total knee arthroplasty], has progress, but need more PT [physical therapy] to help c ambulation and mobility. Dialysis M [Monday] - W [Wednesday] - F [Friday]." The facility's recapitulation failed to document a complete recapitulation of Resident #16's stay which included nursing care with a wound, physical therapy services and occupational therapy services. ; During an interview in the conference room on 10/26/11 at 9:15 AM, the Director of Nursing (DON) was asked what is expected to be documented on the recapitulation of the resident's stay in the facility. The DON stated, "...Nursing is responsible for the recapitulation, it should be a summary of why they were here, what occurred and where going... Yes, the recapitulation is not complete..."		F283		
F371	483.35(i) FOOD PROCURE, SS=D ! STORE/PREPARE/SERVE - SANITARY The facility must - (1) Procure food from sources approved or considered satisfactory by Federal, State or local authorities; and (2) Store, prepare, distribute and serve food under sanitary conditions		F371	The center will produce food from sources approved or considered satisfactory by Federal, State or local authorities; and store, prepare, distribute and serve food under sanitary condition.	

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID
SERVICES

PRINTED: 10/31/2011
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: A. BUILDING	(X2) MULTIPLE CONSTRUCTION	(X3) DATE SURVEY COMPLETED 10/26/2011
445030		BWING		
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, H.LLV.EW COLUMB.A, TN 38401		STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE		
(X4) ID PREFIX TAG DEFICIENCY)	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE	(X5) COMPLETION DATE
F 371	Continued From page 3	F 371		
	<p>This REQUIREMENT is not met as evidenced by: Based on policy review, observation and interview, it was determined 2 of 3 staff members (Certified Nursing Assistants (CNA) #1 and Recreation Coordinator) staff members failed to ensure food was stored, prepared, distributed and served under sanitary conditions as evidenced by failure to have their hair covered while in the dietary department during 1 of 2 (10/25/11 lunch) dining observations.</p> <p>The findings included:</p> <p>Review of the facility's "Safety & [and] Sanitation Best Practice Guidelines, Personal Hygiene" policy documented, "...3. Hair Restraints: a ...shall wear hair restraints to keep their hair from contacting exposed food; clean equipment, utensils, and linens; and unwrapped single-service and single-use articles..."</p> <p>Observations in the kitchen during meal preparation and serving on 10/25/11 at 12:30 PM, revealed the Recreation Coordinator in the kitchen with her hair uncovered. The Recreation coordinator placed multiple uncovered plated food and drink on a tray then left the kitchen with the tray up on her shoulder near her uncovered hair. The Recreation Coordinator took the uncovered plated food and drink and served three residents in the dining room.</p> <p>Observations in the kitchen during meal preparation and serving on 10/25/11 at 12:35 PM, CNA #1 entered the kitchen, walked past the steam table, walked past a table on the right side</p>		<p>All partners will be in serviced on the importance of putting on hair restraints in food prep areas and not carrying food tray on shoulder near uncovered hair.</p> <p>Dietary manager will monitor compliance via random checks x 4 meals per week x 4 weeks or until substantial evidence is met.</p> <p>Dietary manager will report compliance to the QA committee monthly beginning December or until substantial compliance is met.</p>	12/01/2011

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID
SERVICES

PRINTED: 10/31/2011
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: A. BUILDING 445030	(X2) MULTIPLE CONSTRUCTION B. WING BWING	(X3) DATE SURVEY COMPLETED 10/26/2011
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, HILLVIEW		STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE COLUMBIA, TN 38401		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE	PROVIDER'S PLAN OF CORRECTION COMPLETION TAG DATE	(X5) PREFIX DEFICIENCY
F 371	Continued From page 4 of the wall and past a sink area at the end of the wall. CNA #1 did not have her hair covered. During an interview in the Dietary Manager's (DM) office on 10/26/11 at 10:45 AM, the DM stated, "...Anyone that comes into the kitchen must wear a hairnet..."	F 371		
F 441	483.65 INFECTION CONTROL, PREVENT SS=D i SPREAD, LINENS The facility must establish and maintain an Infection Control Program designed to provide a safe, sanitary and comfortable environment and to help prevent the development and transmission of disease and infection. (a) Infection Control Program The facility must establish an Infection Control Program under which it - (1) Investigates, controls, and prevents infections in the facility; (2) Decides what procedures, such as isolation, should be applied to an individual resident; and (3) Maintains a record of incidents and corrective actions related to infections. (b) Preventing Spread of Infection (1) When the Infection Control Program determines that a resident needs isolation to prevent the spread of infection, the facility must isolate the resident. (2) The facility must prohibit employees with a communicable disease or infected skin lesions from direct contact with residents or their food, if direct contact will transmit the disease. (3) The facility must require staff to wash their hands after each direct resident contact for which hand washing is indicated by accepted	F 441	The facility will establish and maintain an Infection Control Program designed to provide a safe, sanitary and comfortable environment and to help prevent the development and transmission of disease and infection. CNA #2 and #4 will be individually counseled regarding not touching food with bare hands and proper hand washing techniques Nursing partners will be in serviced regarding appropriate meal delivery and hand washing practices. DON and/or ADON will conduct random checks on 15 tray deliveries to ensure proper infection control practice weekly x 4 weeks and observe hand washing of 4 random CNAs per week x 4 weeks or until substantial compliance is met. The DON will report compliance to the QA committee monthly beginning December or until substantial compliance is met.	11/4/2011 11/15/11

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/31/2011
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445030	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 10/26/2011
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, HILLVIEW			STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE COLUMBIA, TN 38401		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 441	<p>Continued From page 5 professional practice.</p> <p>(c) Linens Personnel must handle, store, process and transport linens so as to prevent the spread of infection.</p> <p>This REQUIREMENT is not met as evidenced by: Based on policy review, observation and interview, it was determined 2 of 18 Certified Nursing Assistants (CNA #2 and 4) failed to use sanitary hand hygiene during dining observations by touching food with bare hands or turned the faucet off with bare hands.</p> <p>The findings included:</p> <p>1. Review of the facility's "Safety & [and] Sanitation Best Practice Guidelines... GLOVE USE" policy documented, "...The purpose is to prevent food-borne illness that is caused by direct hand contact on food..."</p> <p>a. Observations in the main dining room on 10/24/11 at 5:00 PM, while CNA #2 was preparing the resident's meal tray, CNA #2 touched the bread with her bare hands and applied a condiment.</p> <p>b. Observations in room 110 on 10/24/11 at 6:00 PM, while CNA #4 was preparing the resident's meal tray she touched the bread with her bare hands and applied a condiment.</p> <p>During an interview in the conference room on</p>	F 441			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/31/2011
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445030	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 10/26/2011
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, HILLVIEW			STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE COLUMBIA, TN 38401		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 441	<p>Continued From page 6</p> <p>10/26/11 at 12:35 PM, the Director of Nursing (DON) was asked if the staff can touch the food with their bare hands. The DON stated, "...No..."</p> <p>2. Review of the facility's "INFECTION CONTROL Manual" and "HANDWASHING" policy documented, "...Turn water off with paper towel used to dry hands..."</p> <p>Observations in room 219A on 10/24/11 at 5:20 PM, CNA #4 turned the faucet off with her bare hand.</p> <p>During an interview in the conference room on 10/26/11 at 1:00 PM, the DON was asked what is the technique to turn the faucet off during hand washing. The DON stated "...staff are to turn the faucet off with a paper towel, not by the bare hand..."</p>	F 441			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 10/31/2011
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445030	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____		(X3) DATE SURVEY COMPLETED 10/24/2011
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, HILLVIEW			STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE COLUMBIA, TN 38401		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K9999	FINAL OBSERVATIONS During the annual recertification survey completed on 10/24/11, this facility was found to be in compliance with the requirements of the National Fire Protection Association (NFPA) 101, Life Safety code, 2000 edition, Chapter 19, existing Health Care Occupancies.	K9999			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

efficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN6006	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 10/24/2011
NAME OF PROVIDER OR SUPPLIER NHC HEALTHCARE, HILLVIEW		STREET ADDRESS, CITY, STATE, ZIP CODE 2710 TROTWOOD AVE COLUMBIA, TN 38401		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 002	1200-8-6 No Deficiencies During the annual licensure survey completed on 10/24/11, this facility was found to be in compliance with the requirements of the National Fire Protection Association (NFPA) 101, Life Safety code, 2000 edition, Chapter 19, existing Health Care Occupancies.	N 002		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

ST/ FORM

6899

F5D021

If continuation sheet 1 of 1

Medicare.gov

The Official U.S. Government Site for Medicare

[Return to previous page](#)**Inspection Report** [Print this Inspection Report to PDF](#)

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES		PRINTED: 6/3/2013 FORM APPROVED OMB NO. 0938-0391	
STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445398	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 04/25/2012
NAME OF PROVIDER OF SUPPLIER MAURY REGIONAL HOSPITAL SNU		STREET ADDRESS, CITY, STATE, ZIP 1224 TROTWOOD AVE COLUMBIA, TN 38401	
For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency.			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		
F 0156	Give residents a notice of rights, rules, services and charges.		
Level of harm - Potential for minimal harm			
Residents Affected - Many	Based on interview, it was determined the facility failed to provide residents with liability and/or appeal notice(s) for three Medicare beneficiaries who were discharged from the facility in the past 6 months.		
	The findings included: During an interview in the Activity/Dining room on 4/25/12 at 3:30 PM, the surveyor asked the Administrator to provide the liability and appeal notice(s) given for 3 discharged Medicare covered residents who had days of Medicare covered services left. The Administrator stated, "...We don't do them [Liability Notices and Beneficiary Appeal Rights]. At admission it is understood we are a short term facility..."		
	During an interview in the Social Worker's office on 4/25/12 at 5:00 PM, the Social Worker was asked if she gave Medicare covered residents the required liability and/or appeal notice(s) to a resident with Medicare Skilled coverage remaining. The Social Worker stated, "...No..."		
F 0272	Conduct initial and periodic assessments of each resident's functional capacity.		
Level of harm - Minimal harm or potential for actual harm	**NOTE- TERMS IN BRACKETS HAVE BEEN EDITED TO PROTECT CONFIDENTIALITY**		
Residents Affected - Few	Based on medical record review and interview, it was determined the facility failed to assess the need for [MEDICAL CONDITION] medication usage for 1 of 10 (Resident #118) sampled residents receiving [MEDICAL CONDITION] medications.		
	The findings included: Medical record review for Resident #118 documented an admitted 4/12 with [DIAGNOSES REDACTED]. [milligram] Q [every] HS [hour of sleep] PRN [as needed] PO [by mouth]. Review of the long term care facility medication instructions documented, "...[MEDICATION NAME] 1 MG TAB [tablet]... ORAL 1-2 MG AT BEDTIME [MEDICAL CONDITION]..." The facility was unable to provide documentation of an appropriate [DIAGNOSES REDACTED].		
	During an interview at the nurses' station on 4/25/12 at 4:40 PM, the Director of Nursing (DON) was asked what the [DIAGNOSES REDACTED]. [MEDICATION NAME] was prn for [MEDICAL CONDITION]."		
F 0279	Develop a complete care plan that meets all the resident's needs, with timetables and actions that can be measured.		
Level of harm - Minimal harm or potential for actual harm	**NOTE- TERMS IN BRACKETS HAVE BEEN EDITED TO PROTECT CONFIDENTIALITY**		
Residents Affected - Few			
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE		TITLE	(X6) DATE
Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.			
FORM CMS-2567(02-99) Previous Versions Obsolete	Event ID: YL1011	Facility ID: 445398	If continuation sheet Page 1 of 3

[Back To Top](#)

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES		PRINTED: 6/3/2013 FORM APPROVED OMB NO. 0938-0391	
STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445398	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 04/25/2012
NAME OF PROVIDER OF SUPPLIER MAURY REGIONAL HOSPITAL SNU		STREET ADDRESS, CITY, STATE, ZIP 1224 TROTWOOD AVE COLUMBIA, TN 38401	
For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency.			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		
F 0279 Level of harm - Minimal harm or potential for actual harm Residents Affected - Few	<p>Based on medical record review, observation and interview, it was determined the facility failed to develop a care plan to reflect a pressure ulcer for 1 of 14 (Resident #125) sampled residents reviewed of the 14 residents in the Stage 2 review.</p> <p>The findings included:</p> <p>Medical record review for Resident #125 documented an admission date of [DATE] with [DIAGNOSES REDACTED]. #125 has a stage I pressure ulcer to the left heel (was actually the right heel). Review of a physician's order [REDACTED]. [bilateral] Heels Bid (twice daily) & [and] prn [as needed]. Review of a physician's order [REDACTED]. [every] pm. Review of the care plan dated 4/19/12 documented, "...Potential for Impaired Skin Integrity..." The care plan did not document that Resident #125 has a Stage I pressure ulcer on the right heel.</p> <p>Observations in Resident #125's room on 4/24/12 at 3:40 PM, revealed Resident #125 lying in bed with her feet floated on two pillows.</p> <p>During an interview in Resident #125's room on 4/24/12 at 3:40 PM Resident #125 stated, "My heel is not as sore as it was a few days ago when it was really red."</p> <p>During an interview in the Activity/Dining room on 4/25/12 at 12:10 PM, Nurse #1 was asked if the care plan for Resident #125 included the Stage I pressure ulcer. Nurse #1 reviewed the care plan and stated, "It says potential. She [Resident #125] had a Stage I, so it needs to have Impaired skin as the problem instead of potential."</p>		
F 0329 Level of harm - Minimal harm or potential for actual harm Residents Affected - Few	<p>Ensure that each resident's 1) entire drug/medication regimen is free from unnecessary drugs; and 2) is managed and monitored to achieve highest level of well-being.</p> <p>**NOTE- TERMS IN BRACKETS HAVE BEEN EDITED TO PROTECT CONFIDENTIALITY**</p> <p>Based on medical record review and interview, it was determined the facility failed to provide an adequate indication for the use of a [MEDICAL CONDITION] medication for 1 of 10 (Resident #118) sampled residents reviewed receiving [MEDICAL CONDITION] medications.</p> <p>The findings included:</p> <p>Medical record review for Resident #118 documented an admission date of [DATE] with [DIAGNOSES REDACTED]. [REDACTED]. [milligram] Q [every] HS [hour of sleep] PRN [as needed] PO [by mouth]. Review of the long term care facility medication instructions documented, "...[MEDICATION NAME] 1 MG TAB [tablet]... ORAL 1-2 MG AT BEDTIME [MEDICAL CONDITION]..." The facility was unable to provide documentation of an appropriate [DIAGNOSES REDACTED].</p> <p>During an interview at the nurses' station on 4/25/12 at 4:40 PM, the Director of Nursing (DON) was asked what the [DIAGNOSES REDACTED]. [MEDICATION NAME] was prn for [MEDICAL CONDITION].</p>		
FORM CMS-2567(02-99) Previous Versions Obsolete	Event ID: YL1011	Facility ID: 445398	If continuation sheet Page 2 of 3

[Back To Top](#)

DEPARTMENT OF HEALTH AND HUMAN SERVICES CENTERS FOR MEDICARE & MEDICAID SERVICES		PRINTED: 6/3/2013 FORM APPROVED OMB NO. 0938-0391	
STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445398	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 04/25/2012
NAME OF PROVIDER OF SUPPLIER MAURY REGIONAL HOSPITAL SNU		STREET ADDRESS, CITY, STATE, ZIP 1224 TROTWOOD AVE COLUMBIA, TN 38401	
For information on the nursing home's plan to correct this deficiency, please contact the nursing home or the state survey agency.			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		
F 0329	<p>Level of harm - Minimal harm or potential for actual harm</p> <p>Residents Affected - Few F 0514</p> <p>Level of harm - Minimal harm or potential for actual harm</p> <p>Residents Affected - Few</p> <p>Keep accurate, complete and organized clinical records on each resident that meet professional standards.</p> <p>**NOTE- TERMS IN BRACKETS HAVE BEEN EDITED TO PROTECT CONFIDENTIALITY**</p> <p>Based on medical record review and interview, it was determined the facility failed to ensure medical records were accurate for 1 of 14 (Resident #125) sampled residents reviewed of the 14 residents in the Stage 2 review.</p> <p>The findings included:</p> <p>Medical record review for Resident #125 documented an admission date of [DATE] with [DIAGNOSES REDACTED]. #125's right heel.</p> <p>During an interview in the Activity/Dining room on 4/25/12 at 11:50 AM, Nurse #1 was asked if Resident #125 had a pressure ulcer on the left heel. Nurse #1 stated, "I saw redness to the right heel. I was not aware there was a Stage I to the left heel. I feel like it [stage 1 pressure ulcer] has been the right heel the whole time."</p> <p>During an interview in the Activity/Dining room on 4/25/12 at 11:55 AM, Nurse #2 was asked if the Stage I pressure ulcer was on the left heel. Nurse #2 stated, "I need to look at the admission note. I did the assessment. I know without a doubt it [pressure ulcer] was the right heel and not the left. Guess I don't know my right from left. That was an error." The pressure ulcer was actually on Resident #125's right heel.</p>		
FORM CMS-2567(02-99) Previous Versions Obsolete	Event ID: YL1011	Facility ID: 445398	If continuation sheet Page 3 of 3

Attachment – Proof of Publication

2013 JUL 12 AM 11 58

LEGAL

200

Garage Sales

ESTATE/ MOVING SALE: 3970 Petty Ln. Columbia. Thursday-Saturday, 7/11-7/13, 7:30am-4:30pm. Lots of furniture, Cub Cadet Riding Mower, antiques, glassware, washer/ dryer, much more!

GARAGE SALE. 101 East College St., Summertown. July 11th & 12th. 20 years of stuff- men/ women's clothes, dishware, indoor/ outdoor furniture, power tools, kids toys, and many more stuff!! Please come and look worth the drive. Something for everyone. Rain or shine!

200

Garage Sales

MULTI-FAMILY SALE, CULLEOKA: Lots of household and baby items, clothes, shoes, toddler to adults. Electronics, jewelry. 1949 Mooresville Pike, Friday and Saturday, 8-4.

200

Garage Sales

WE ARE OFF to travel so all must go! Tools, sofa, recliner, end tables, lamps, TV, DVD. Player, antique repro 3 board table, 44" round dinette set, vacuum, pie safe, dishes, pans & home decor. Part of sale items will be inside. 960 Pinehurst in Port Royal townhouse complex; watch for signs. 9AM-7PM until all is gone. 7/10/13-7/12/13.

YARD SALE THURSDAY and Friday, 8 til. Lawnmowers, tools, hot tub, clothes, variety of everything! 1821 Scribner Avenue.

250

Services Offered

#1 LOWEST PRICE. Lawncare, Mowing, Bushhogging. Licensed, Insured and Bonded. (931)982-9737.

A1 HAUL AWAY Service. You call we haul. Free estimates. Also, estate clean-up and small demolition. (931)446-3574.

AAA LAWN CARE. INSURED. MOWING, Trimming & Landscaping. Free Estimates. Call Brian, (931)215-6995.

AFFORDABLE LANDSCAPING, by Will. Shrubs Trimmed, Flower Beds Cleaned, Mulching, Tree Work, etc. Park like appearance. (931)215-9259.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: NHC/Maury Regional Transitional Care Center, Nursing Home owned by: NHC-Maury Regional HealthCare, LLC with an ownership type of Limited Liability Company and to be managed by: Tennessee HealthCare Advisors, LLC intends to file an application for a Certificate of Need for: the establishment of NHC/Maury Regional Transitional Care Center, a 112 bed nursing home, by relocating and combining two existing licensed nursing home facilities, NHC HealthCare, Hillview consisting of 92 nursing home beds, license number 183 and Maury Regional Hospital SNU's 20 bed nursing home, license number 181. No new beds are being requested as part of this application. The proposed center will be Medicare certified. The center site will be located on approximately 11 acres at 5004 Trotwood Ave in Columbia, Maury County. The project costs for the nursing home are estimated to be \$18,161,672.

The anticipated date of filing the application is: July 15, 2013

The contact person for this project is Bruce K. Duncan, Assistant Vice President who may be reached at: National HealthCare Corporation, 100 Vine Street, 12th Floor, Murfreesboro, Tennessee 37130, 615/ 890-2020

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

July 10 1tc

STATE OF TENNESSEE

2013 JUL 12 AM 11 58

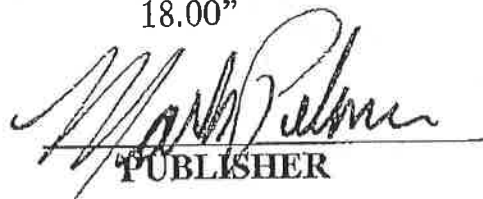
COUNTY OF MAURY

PROOF OF PUBLICATION

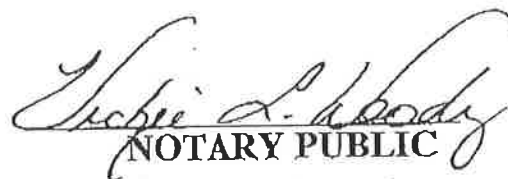
Before me, Vickie L Woody, of the county and state aforesaid,
Personally appeared Mark Palmer with whom I am personally
Acquainted and who upon oath acknowledged herself to be the
Bookkeeper of *THE DAILY HERALD*, a newspaper published in the
City of Columbia, in said county and state, who, on oath, deposes
And says that the publication of which the annexed slip is a true
Copy, was published in said newspaper as follows:

DATE
JUNE 10, 2013

SIZE
18.00"


PUBLISHER

Subscribed and sworn to before me, this 11th
day of July, 2013


NOTARY PUBLIC

MY COMMISSION EXPIRES:
6/25/2017





2013 JUL 12 AM 11 58

July 8, 2013

Ms. Melanie Hill
Executive Director
Health Service & Development Agency
161 Rose L. Parks Blvd., 3rd Floor
Nashville, TN 37234

Dear Ms. Hill:

This letter is in support of the Certificate of Need for the proposed National Health Care (NHC)/Maury Regional Transitional Care Center. This proposed new center will replace and relocate 112 beds in Columbia/Maury County, meeting the needs of both long term patients and those with continuing needs who have been dismissed from Maury Regional Medical Center.

There is a great need for the services provided by this joint facility and we will appreciate your favorable consideration and approval of this application.

Sincerely,

Doug Williamson
Chairman, Maury Regional Medical Center Board of Trustees

DW:km



James L. Bailey, Jr.
County Mayor

Maury County Government

Room 101
Maury County Courthouse
Columbia, Tennessee 38401

Phone
(931) 375-1001
(931) 375-1002

July 5, 2013

Mrs. Melanie Hill, Executive Director
Health Services and Development Agency
161 Rosa L. Parks Blvd., 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

It is my privilege to send this letter of support for the NHC/Maury Regional Transitional Care Center Certificate of Need application. This development which will replace and relocate 112 nursing facility beds in Maury County is a great step forward in meeting the needs of our elderly and their families. As Maury County Mayor, I enthusiastically endorse the proposed NHC/Maury Regional Transitional Care Center and ask for your every consideration in granting a Certificate of Need to allow NHC and Maury Regional to improve the quality and availability of long term care for Maury County.

Respectfully,

A handwritten signature in black ink, reading "James L. Bailey, Jr.", written in a cursive style.

Maury County Mayor
James L. Bailey, Jr.



CITY OF COLUMBIA
700 NORTH GARDEN STREET
COLUMBIA, TENNESSEE 38401

Dean Dickey
Mayor

Phone
931-560-1505
Fax
931-540-0675

July 5, 2013


Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

The following letter is in regard to my enthusiastic support for NHC/Maury Regional Transitional Care Center to replace and relocate 112 nursing facility beds in Maury County. As a longtime resident of Columbia and Maury County, I am aware of the great need for such a facility. As you know, a large percentage of the population in this county is comprised of the elderly. Such a facility would be an asset and would fulfill a need for the elderly and their families.

Thank you very much in advance for your attention and cooperation in this matter.

Sincerely,


Dean Dickey
Mayor
City of Columbia

July 8, 2013

Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill,

I am sending this letter in regards to my support for the NHC/Maury Regional Transitional Care Center that is to replace and relocate 112 bed nursing facility in Maury County. I was born and raised in Maury County and have been practicing family medicine for the last 17 years in Mount Pleasant. I have also been a Certified Medical Director for long term care facilities for the last 14 years. Currently I am the Medical Director for three free standing long term care facilities and the Skilled Nursing Unit at Maury Regional Medical Center.

Over the last several years, I have noticed an increased need for skilled beds because of our aging population. Maury County is currently a healthcare mecca for most of the bordering southern counties thus covering a broad area. Not to mention, 12% of Maury County's population is greater than 65 years old. As I'm sure you are aware, the elderly population is expected to increase dramatically over the next 20 years, thus increasing the need for skilled care. I feel this facility would be an asset to this community fulfilling the needs of our elderly and rehab patients. Thank you so much for your cooperation. If I can be of anymore help feel free to contact me.

Sincerely,



Cummins Couch, MD, CMD, MRO

170
PAUL PERRYMAN, M.D., F.A.C.P.
Internal Medicine

854 W. JAMES CAMPBELL BLVD.
SUITE 103
COLUMBIA, TN 38401

TEL: (931) 381-5555
FAX: (931) 381-5081
www.drperryman.com

July 8, 2013

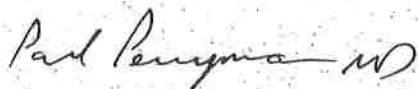
Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill,

I would like to offer my support for NHC/Maury Regional Transitional Care Center to replace and relocate 112 nursing facility beds in Maury County. As a physician practicing in Maury County, I am aware of the great need for such a facility. As you know, a large percentage of the population in this county is comprised of the elderly. Such a facility would be an asset and would fulfill a need for the elderly and their families.

Thank you very much in advance for your attention and cooperation in this matter.

Sincerely,



Paul Perryman, M.D.



Columbia State

COMMUNITY COLLEGE

Office of the President • 1665 Hampshire Pike • Columbia, TN 38401

www.columbiastate.edu

July 3, 2013

Ms. Melanie Hill
Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Ms. Hill:

This letter is submitted in support of the NHC/Maury Regional Transitional Care Center Certificate of Need application. The proposal to relocate and replace the existing licensed nursing facility beds in Maury County to the NHC/Maury Regional Transitional Care Center will provide great service for existing and future health care needs.

As an institution of higher education that has several health care education programs, we are aware of the health care needs in our community and view this application as a positive for health care in Maury County.

By approving the CON, HSDA will allow NHC/Maury Regional Transitional Care Center to provide needed services to the residents of Maury County. It also addresses the future medical services needed for a population that is less family dependent due to lifestyles and more services needy. This plan is a plan that services today, but is future oriented – it is good health care planning.

Thank you for your favorable consideration of the CON application.

Respectfully,



Janet F. Smith, Ph.D.
President

FIRST FARMERS

WAYMON L. HICKMAN
SENIOR CHAIRMAN

July 8, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd., 3rd Floor
Nashville, TN 37243

RE: **NHC/Maury Regional Transitional Care Center**

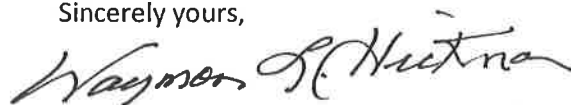
Dear Ms. Hill:

Please accept my endorsement and desire for acceptance to the above-captioned facility to serve Maury County. It is the mission of both NHC and Maury Regional to jointly furnish medical care for the citizens in our area needing special medical treatment.

NHC has a long tenure in our county providing quality care. Maury Regional was recognized last year as being in the top 10 hospitals in our nation. The joint venture of these two outstanding health providers will make an outstanding team.

I personally have been a patient at both of these institutions and found them to be under excellent management and with very qualified medical providers. Your approval of this application will be greatly appreciated.

Sincerely yours,



Waymon L. Hickman

WLH:kt



South Central Tennessee
Workforce Alliance

July 8, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

Please accept this letter of support to NHC/Maury Regional Transitional Care Center and its planned replacement and relocation of the existing nursing facility. As the Executive Director of the South Central Tennessee Workforce Alliance, I work closely with NHC and others in the field of healthcare to ensure the workforce development of our region for all growing industries. As Chairman of the Economic Development Council of Maury Alliance, I understand the importance of such a facility in providing much needed employment opportunities, and improving the livability of our community.

We are excited about the jobs this project will ensure, and the services this project will offer to our community, especially our aging population.

I wish NHC well in the fulfillment of its mission of care for the elderly.

Sincerely,

Jan Outland McKeel, Executive Director

#8 Public Square, 2nd Floor • Columbia, TN 38401 • 931.375.4201 • Fax 931-381-7643 • www.sctworkforce.org

Board Chairman – Robby Moore • Chief Elected Official Chairman – Steve Gregory

South Central Tennessee Workforce Alliance/Administrative Entity



FIRST PRESBYTERIAN CHURCH

July 8, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill,

The following letter is in regard to my enthusiastic support for NHC/Maury Regional Transitional Care Center to replace and relocate 112 nursing facility beds in Maury County. As a pastor in Maury County, I am aware of the great need for such a facility. As you know, a large percentage of the population in this county is comprised of the elderly. Such a facility would be an asset and would fulfill a need for the elderly and their families.

Thank you very much in advance for your attention and cooperation in this matter.

Sincerely,

Rev. Joe Evans



THE KING'S DAUGHTERS' SCHOOL

412 WEST 9TH STREET COLUMBIA, TN 38401
TEL (931) 388-3810 FAX (931) 388-0405

July 5, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

I am writing in support of NHC/Maury Regional Transitional Care Center Certificate of Need application. NHC/Maury Regional Transitional Care Center is proposing to relocate and replace their existing licensed nursing facility beds in Maury County.

As a health care provider, the Executive Director of a residential facility for individuals with developmental disabilities, and the son of an elderly Maury County resident, I can speak directly to the need for additional services and facilities to serve older Maury County residents.

By approving the CON, HSDA will allow NHC/Maury Regional Transitional Care Center to directly address the needs of the residents of Maury County. Thank you for your favorable consideration of this CON application.

Sincerely,

David H. Craig, Ph.D.

David H. Craig, Ph.D.
Licensed Senior Psychological Examiner
Executive Director

July 10, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

I am excited to provide this letter of support for NHC/Maury Regional Transitional Care Center to replace and relocate 112 nursing facility beds in Maury County. There is a definite need for "quality" long term care beds in this market and the need for these services will only continue to grow as our population ages. Speaking from a professional as well as a personal aspect, I know with certainty that this new facility will be a substantial asset here in Maury County. It will afford residents in this area a long term care facility that will both meet their needs and enrich their lives.

Thank you very much in advance for your attention and cooperation in this matter.

Sincerely,

A handwritten signature in black ink that reads "Pat Santel". The signature is written in a cursive, flowing style with a large initial "P" and "S".

Pat Santel,
Retiree – State of TN
Maury County Resident

MRS. ROBERT L. JONES
1120 Mooresville Pike
Columbia TN 38401
(931) 388-0085

July 9, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd., 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

This letter is to show my enthusiastic support for the proposed NHC/Maury Regional Transitional Care Center to replace and relocate 112 nursing facility beds in Maury County. I believe that there is a real need for long term care beds in our community and that this need for these services will continue to grow as our population grows and ages.

This new facility will be a substantial asset here in Maury County, and, by joining the efforts of NHC and Maury Regional Medical Center, the patients' care will be enhanced greatly.

Thanking you in advance for your attention to this important matter, I am

Sincerely yours,



Mrs. Robert L. Jones

Copy
Supplemental #1

**NHC/Maury Regional Transitional
Care Center**

CN1307-025

July 26, 2013
9:44 am

2013 JUL 26 AM 9 45
OMISSION RESPONSES

TO

NHC-MAURY REGIONAL HEALTHCARE, LLC CON APPLICATION FOR:

NHC/MAURY REGIONAL TRANSITIONAL CARE CENTER

112 BED NURSING HOME

MAURY COUNTY

July 25, 2013

ATTN: Phillip M. Earhart, Health Services Development Examiner

1. Section B, Project Description Item II.A.

The applicant provided background information regarding NHC Healthcare Hillview. Please provide similar background information regarding Maury Regional's Hospital's skilled nursing unit and indicate if the physical plant is currently meeting the needs of a modern skilled nursing unit.

The physical plant on the Maury Regional skilled nursing unit no longer meets the increasing standards the hospital has for its patients who need skilled nursing services. While the unit was retro-fitted in 1997, the ability to upgrade further is limited by the unit's location and square footage. The investment required to move the unit to another location in the hospital is not a reasonable alternative. Currently, the unit design requires four patients to share a bathroom. This causes patient dissatisfaction and staff frustration. In order to meet the needs of patients, the unit capacity has been decreased to allow more privacy and fewer patients sharing a bathroom. By making this change, we have reduced the revenue of the unit.

If approved, what are the plans for the space vacated by NHC Healthcare Hillview and Maury Regional's skilled nursing unit?

At this time, no specific plans have been made for the space to be vacated. However, both organizations plan to utilize the spaces in the future.

2. Section B, Project Description Item III.A.(Plot Plan)

The agreement of purchase and sale of land for the proposed project list 2.17 acres at the corner of Trotwood Avenue and Cayce Lane and a fifteen (15) acre parcel of land. The plot plan indicates the size of the proposed site is 11 acres. Please clarify.

NHC is assembling a 17 acre tract of land for the purposes of creating a campus that includes the proposed SNF as the first phase. The other components of the campus will be determined by market demand in the future. Possible future uses may be ALF, Home Health Care Office, Medical Office Building, or other medical/health care uses.

The properties under contract include a 15 acre tract and 2.17 acre tract. We wish to acquire the 2.17 acre tract to obtain access to Cayce Lane. There is a traffic light at Cayce Lane and Trotwood Ave. Having entrances off both Trotwood Ave and Cayce Lane will give our residents and staff two points of entry to choose from depending on time of day or traffic volumes.

The site plan shows 11 acres (with portions from both the 15 and 2.17 acre tracts) because that is the site area required for the CON project. NHC/MRH has yet to determine the specific uses for the remainder property; but, it is the applicants intention to use that surplus property for a complementary purpose(s).

3. Section B, Project Description, Item IV. (Floor Plan)

Please provide enlarged floor plans so that the room labels are readable.

Please see the attached Floor Plan which has been created in sections to enhance the readability.

4. Section C., Need, Item I.a. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions) (2B)

There is an 83% nursing home licensed occupancy rate in Maury County in 2011 and a surplus of 102 nursing home beds according to the state county bed formula. With this in mind, please discuss the projected future demand for the proposed project.

As discussed previously, the senior population is growing in numbers far greater than they have in the past. And with this growth in the elderly population, comes more frequent access to long term care and services including rehab services. NHC/Maury is proposing to offer a model and level of care that is in growing demand across the service area, the State and the country. And that is, a skilled level of care that is delivered in a physical plant that meets the expectations of doctors, patients, and families. Nursing homes that continue to do business as usual will see census decline, especially with the Choices Act. However, occupancy rates in facilities that are not changing with consumer demands, quality care standards, protocols, and reimbursement models and offering new and innovative care delivery models and partnerships should not be used to deter existing providers seeking to offer a better service without increasing the existing bed capacity in the service area. We believe, and the public support shows, that there is a clear need for this project now and in the future.

Please discuss the impact of converting ninety-two (92) Medicaid beds to Medicare only?

The impact is the conversion of approximately 31 Medicaid beds to Medicare, since that's the number of Medicaid patients the two centers currently serve within the existing 92 licensed beds. We believe that the other existing centers in the service area, including NHC HealthCare, Columbia, can accommodate that number of patients within their current occupancies.

Will Medicaid patients have difficulty in locating a bed in Maury County?

Medicaid beds in the area are not in short supply. The focus of the Choices Act is to divert Medicaid patients away from nursing home beds and to other less costly services in the community. Centers that continue to offer a care model based around less intensive care levels and services will see their census decline with time.

Please discuss how the Long-term Care Community Choices Act of 2008 has impacted nursing home utilization rates in the proposed service area for years 2009, 2010, and 2011. The Long-term Care Community Choices Act of 2008 allows TennCare to pay for more community and home-based services for seniors such as household assistance, home delivered meals, personal hygiene assistance, adult day care centers and respite.

While I am not able to quantify the exact impact of the Long-term Care Community Choices Act, "Choices" on nursing home utilization in the service area, since I do not have the TennCare data available, I can say based on Statewide Nursing Home Association data, that nursing home utilization has declined several percentage points across the State since 2009 to 2012. However, the percentage did not change significantly by the two (2) percent until year 2012. Generally, most of the decline in census has been seen within the Medicaid and Private pay categories. However, Medicare and third party payment source utilization has been increasing, on average across the States nursing homes. There was a 1.3 percent decrease in private pay census during the same 2009 to 2012 time period within the State. That said, the Choices Act primarily impacts the Medicaid population, which is not the rehab and skilled level of care this facility proposed to offer. The vast majority of the patients admitted to the proposed center will be admitted from a hospital as a Medicare patient.

5. Section C., Need, Item 5

Please indicate the number of patient referrals the applicant expects from Maury Regional Hospital and from either sources in Year One and Two of the proposed project. Please describe the support from Physician practices or other referral sources?

MRMC discharged 2,141 patients to skilled facilities in 2012. With the growing aging population, discharges to skilled nursing facilities are expected to increase.

NHC HealthCare, Hillview in 2012 had 914 referrals from MRMC and so far June, year to date 2013; the center has had 501 referrals so on an annual basis we expect to receive over 1,000 referrals in 2013. Projecting into the future we expect the number of patients to grow. NHC works with two physician groups who admit the majority of our patients. The two groups have a total of 12 admitting physicians.

The Maury Skilled Nursing Unit has a large number of attending physicians. From July 1, 2012 through June 30, 2013, the unit had 23 attending physicians for patients. The largest supporters during this time period were: Family Health Group (FHG): 5 physicians/174 patients; Middle Tennessee Bone and Joint Clinic: 6 physicians/69 patients; and Core Physician Group: 6 physicians/53 patients.

Based on the stated historical data, the proposed project expects to continue to receive the same support and patient referral pattern that these two licensed providers have experienced in the past.

7. Section C, Economic Feasibility, Item 1 and 2

The Project Costs Chart indicates Interim Financing in the amount of \$350,500. If this facility is being financed through cash reserves why are there finance charges?

The project will be funded from cash reserves but even corporate cash has a "cost of capital". It is our company policy to charge each project with interim financing costs based on our line of credit borrowing rate (varies or fluctuates with market rates), avg. outstanding balance, and project duration (from project's genesis to completion/opening.)

We have assumed a borrowing/interest rate of 4%, average balance of \$8.88 million, and construction duration of 12 months. This results in a projected interim financing charge of \$350,500.

8. Section C, Economic Feasibility, Item 3

The applicant calculated the cost per bed in the amount of \$162,158 as it relates to other recently approved similarly projects approved by HSDA. Please indicate the cost per square foot of construction as it compares to other similarly constructed projects approved by the HSDA.

The cost per square foot of construction for the project is \$170.50, which is slightly higher than the median but within the second quartile of historical cost data for new construction.

Following is information obtained from HSDA regarding the construction ranges for nursing home CONs approved between 2010 and 2012. This project falls between the 2nd and 3rd Quartile.

**Nursing Home Construction Cost Per Square Foot
Years: 2010 – 2012**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$19.30/sq ft	\$164.57/sq ft	\$73.23/sq ft
Median	\$35.76/sq ft	\$167.31/sq ft	\$164.57/sq ft
3rd Quartile	\$55.00/sq ft	\$181.72/sq ft	\$167.61/sq ft

Source: CON approved applications for years 2010 through 2012

9. Section C, Economic Feasibility, Item 4 Historical Data Chart

The Historical Data Chart for NHC (Hillview) Regional Transitional Care in 2012 reflected losses of -\$78,867, with Maury Regional Transitional Care Center experiencing a loss of -\$340,198 for the same period. Please explain if these losses were a result of the physical plant, reduction in revenue, or other reason.

Both operations have experienced operational losses. Maury Regional Transitional Care Center is a small hospital unit which, based on its bed size, is not a profit center for the hospital. In addition, given the fact that the unit design is such that four patients share a bathroom, we have further reduced the operating beds to better accommodate our existing patients. Also, the Medicare program has experienced significant reimbursement reductions in recent years, including an 11.2 percent decrease in rates in 2012.

NHC has similar physical plant limitations which exist from the operation of a building constructed in 1964. Consequently, NHC has also operated fewer beds in an effort to accommodate our patient's privacy and physical space needs. NHC operations have likewise been impacted by Medicare reimbursement cuts.

NHC Transitional Care experienced losses in 2010, 2011 and 2012 and Maury Regional in 2012. What type of cost cutting reductions did both facilities take such as staff reduction, reduction in services, etc. to manage negative net operating income?

Please note that no cost cutting reductions have taken place in either center regarding staffing or services. The losses have been managed by both entities by positive income from other operations. More importantly, the proposed project is projected to be financially feasible.

10. Section C, Economic Feasibility, Item 6 A. and 6 B.

Please discuss the anticipated revenue from the proposed project and the impact on existing patient charges for non-Medicare patients.

Charges for non-Medicare patients were based upon 2013 actual private pay rates (\$237) and semi-private pay rates (\$203) at NHC Hillview. These actual 2013 rates were inflated 4.5% annually to estimate projected Year 1 and Year 2 rates for the proposed project.

The charts of estimated Maury County nursing home rates for the Years 2011-2017 is noted on pages 139-143. Please add a row in the "Year 2017 chart" for the proposed project in order to compare the proposed charges to other nursing homes in Maury County.

Please see the attached chart.

Maury County Estimated 2017 Nursing Home Rates

NURSING HOMES	SNF/Medicare	Estimated 2017 Rates					
		Medicaid		Private Pay/Private Room		Private Pay Semi/Pvt Level I	
		Level II	Level I	Level II	Level I	Level II	Level I
1 Life Care Center of Columbia	\$639.41	\$210.97	\$207.06	\$282.59	\$285.19	\$246.13	\$247.43
2 Maury Regional Hospital SNU	\$1,100.41	N/A	N/A	N/A	N/A	\$750.10	N/A
3 Mt Pleasant Healthcare and Rehab	\$576.90	\$174.50	\$174.50	N/A	N/A	\$234.41	\$195.34
4 NHC HealthCare, Columbia	\$565.18	\$231.80	\$208.36	\$287.80	\$283.89	\$248.73	\$244.82
5 NHC HealthCare, Hillview	\$589.92	N/A	\$210.97	\$289.10	\$260.45	\$256.55	\$242.22
6 Signature Healthcare of Columbia	\$235.71	\$192.73	\$235.71	N/A	\$235.71	N/A	\$235.71
Average Rates	\$617.92	\$202.50	\$207.32	\$286.50	\$266.31	\$347.18	\$233.10

NHC/Maury Regional Transitional Care

\$440.01

N/A

N/A

N/A

\$276.54

N/A

\$236.87

Source: 2011 Joint Annual Report Schedule H - Financial Data - Daily Charge inflated 4.5% to Year 2017.

11. Section C, Economic Feasibility, Item 8

The projected data charges projects a loss of -\$812,248 in Year One of the proposed project. Please discuss the availability of cash until financial viability is achieved.

Please note that pursuant to the Project Funding letter, found on page 100, the company will make available all the necessary funds for operation and working capital and that said funds will be available on immediate notice.

12. Section C, Economic Feasibility, Item 9

Please indicate the reason why net revenue in Year Two in the amount of \$14,061,778 on the table on page 138 is different from the Projected Data Chart's Year Two amount of \$14,071,065.

The Managed Care Revenue Table on Page 138 of the Attachments did not include estimated gross IV therapy charges of \$9,897. This table was revised to correctly reflect these charges and Year 2 total revenue on this table (\$14,071,675) now ties to Year 2 Net Operating Revenue on the Projected Data Chart.

Please note total revenue is \$14,071,675 not \$14,071,065 as referenced in the original question.

The applicant states a payor mix (managed care, Medicare, private) that totals 106%. Please clarify.

The "corrected" payor mix (managed care, Medicare, private) for Year 2 as reported on page 138 of the attachment in the original application is as follows.

Medicare	43.01%
Managed Care	16.03%
Private Pay	37.65%

Please re-verify the Medicare gross operating revenue for Year 2 in the amount of \$9,828,135.

Total projected Year 2 Medicare revenue of \$9,828,135 is detailed in the attachments on page 123 of the original application. This amount is comprised of amounts reflected on Lines 1 (Routine Services) to Line 10 (Other Ancillary - IV). The Medicare amounts are reflected in the column labeled Medicare (4).

NHC/Maury Regional Transitional Care Center
Applicant's Projected Payor Mix by Level of Care

YEAR 1

Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD
Medicare/Skilled Care	329	10,208	27.97	7,107,479	(2,627,060)	4,480,419	43.47%	438.91
Managed Care/Tenn								
Care Skilled Care	141	4,375	11.99	2,992,723	(1,325,572)	1,667,151	16.18%	381.06
Private Pay - Skilled							0.00%	
Managed Care/Tenn							0.00%	
Care ICF							0.00%	
Hospice							0.00%	
Private Pay - ICF	69	14,583	39.95	3,831,648	(9,579)	3,822,069	37.09%	262.09
Medicare Part B				314,569	(786)	313,783	3.04%	10.76
Other Revenue				22,802	-	22,802	0.22%	0.78
							100.00%	(1)
Total - Skilled	470	14,583	39.96	10,100,202	(3,952,632)	6,147,570	59.65%	421.56
Total - ICF	69	14,583	39.95	3,831,648	(9,579)	3,822,069	37.09%	262.09
Total Other Revenue				337,371	(786)	336,585	3.27%	11.54
Grand Total	539	29,166	79.91	14,269,221	(3,962,997)	10,306,224	100.00%	353.36

YEAR 2

Payor/Care Level	Patient Admissions	Days of Care	Average Daily Census	Gross Revenue	Cont Adj/ Bad Debt	Net Revenue	% of Total Revenue	PPD	% Inflation
Medicare/Skilled Care	437	13,531	37.07	9,828,135	(3,780,412)	6,047,723	42.98%	446.95	1.83%
Managed Care/Tenn									
Care Skilled Care	187	5,799	15.89	4,138,028	(1,874,176)	2,263,852	16.09%	390.39	2.45%
Private Pay - Skilled							0.00%		
Managed Care/Tenn							0.00%		
Care ICF							0.00%		
Hospice							0.00%		
Private Pay - ICF	92	19,329	52.96	5,307,184	(13,268)	5,293,916	37.62%	273.88	4.50%
Medicare Part B				435,690	(1,089)	434,601	3.09%	11.24	0.00%
Other Revenue				31,583	-	31,583	0.22%	0.82	4.50%
							100.00%		
Total - Skilled	624	19,330	52.96	13,966,163	(5,654,588)	8,311,575	59.07%	429.98	2.00%
Total - ICF	92	19,329	52.96	5,307,184	(13,268)	5,293,916	37.62%	273.88	4.50%
Total Other Revenue				467,273	(1,089)	466,184	3.31%	12.06	4.49%
Grand Total	716	38,659	105.92	19,740,620	(5,668,945)	14,071,675	100.00%	363.99	3.01%

(1) - Medicare Part B Revenue and other revenue is divided by total patient days to determine PPD amount.

14. Section C, Orderly Development, Item 1

Please indicate if the required 112.6 FTE's for the proposed project will come from the two existing nursing homes. Please clarify if there will be staff reductions if this project is approved.

Existing partners and employees will be given the opportunity to continue their employment as a part of the proposed center. There will not be staff reductions if this project is approved.

15. Section C, Orderly Development, Item 7.c

The Medicare Inspection Report for Maury Regional Transitional Care is noted.
Please include an approved plan of correction.

Please see the attached approved plan of correction.

July 26, 2013

9:44 am



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
DIVISION OF HEALTH CARE FACILITIES
WEST TENNESSEE REGIONAL OFFICE

2975 C Highway 45 Bypass
Jackson, Tennessee 38305
Telephone: (731) 984-9684
Fax: (731) 512-0063

May 21, 2012

Ms. Joan Stephens, Administrator
Maury Regional Hospital SNU
1224 Trotwood Avenue
Columbia, TN 38401

**RE: Compliance Notice
Recertification Survey
CCN 44-5398**

Dear Ms. Stephens:

West Tennessee Regional Office of Health Care Facilities conducted a recertification survey at your facility on **April 23-24, 2012**. Based on a review of your plan of correction for deficiencies cited as a result of the survey, we are accepting your plan of correction and are assuming your facility is in compliance with all participation requirements with a completion date of 05/21/2012. This office is recommending certification in the Medicare and/or Medicaid program.

If you have any questions, please feel free to contact this office.

Sincerely,

Jan Priddy, RN
Public Health Nurse Consultant 2

JP/rm *rm*

18. Support Letters

Please see the attached additional support letters for the file. Additional letters are being gathered and will be submitted as received.

July 26, 2013

9:44 am



Marco Chavarria-Aguilar, M.D., F.A.C.S.
Mark S. Hinson, M.D., F.A.C.S.
K. Todd Piercy, M.D., F.A.C.S.
James W. Richardson, Jr., M.D., F.A.C.S.
Melanie Durham, P.A.C.

July 5, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

It is my understanding that NHC/Maury Regional Transitional Care Center is filing a CON to replace and relocate 112 beds in Maury County. I am writing to express my enthusiastic support for this proposed project. I and numerous colleagues look forward to a more formal partnership with NHC in offering this new center and services in the community. I am a surgeon who has practiced in Maury County twenty-five years, caring for patients not only from our community but also from several surrounding counties. I would greatly appreciate and utilize such a facility as my patients recuperate from surgical procedures.

Our hospital admits and discharges patients with medically complex conditions, and NHC/Maury Regional Transitional Care Center's proposed center would benefit us by receiving discharges from our hospital as well as admitting patients into our hospital. There is a definite need for long term care beds in this market and I believe the need for these services will continue to grow as our population ages and the new facility will help meet this increasing demand.

Thank you for your thoughtful consideration.

Sincerely,

James W. Richardson

James W. Richardson, M.D.



200

SUPPLEMENTAL- # 1

July 26, 2013

9:44 am

201 Pickens Lane
P.O. Box 379
Columbia, TN 38402

P 931.388.4833
F 931.388.5287
www.cpws.com

July 15, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

I am writing in support of NHC/Maury Regional Transitional Care Center's Certificate of Need application. I understand that NHC/Maury Regional Transitional Care Center is proposing to relocate and replace their existing licensed nursing facility beds in Maury County with a new facility.

In my role as executive director of Columbia's power, water and broadband utilities, and as the chair-elect of the Maury County Chamber and Economic Alliance, I am encouraged by this partnership between NHC and Maury Regional Medical Center. Both organizations are vitally important members of our community. I believe Maury County will be made better by this endeavor.

By approving the Certificate of Need, your agency will allow NHC/Maury Regional Transitional Care Center to better address the medical and rehabilitation needs of Maury County. Thank you for your favorable consideration of this CON application.

Sincerely,

Columbia Power & Water Systems

Wes Kelley
Executive Director



201
Orthopedic Surgery & Sports Medicine
C. Douglas Wilburn, MD
Randall L. Davidson, Jr., MD
Jeffrey T. Adams, MD
J. Fredrick Wade, MD
A. Lee Hunter, Jr., MD
Scott W. McCall, MD
Jonathan R. Pettit, MD

SUPPLEMENTAL- # 1
Physical Medicine & Rehabilitation
Charles S. Kim, MD
Administration
Fred Dr...
Chief Executive Officer
July 26, 2013
9:44 am
Emeritus
Eslick E. Daniel, MD
Kenneth L. Moore, MD

1050 N. James Campbell Blvd. • Suite 200 • Columbia, TN 38401 • Phone 931-381-BONE (2663) • Fax 931-380-0513 • www.mtbj.net

July 12, 2013

Ms. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Boulevard, 3rd Floor
Nashville, Tennessee 37243

Dear Ms. Hill:

Please accept this letter in support of NHC Maury Regional Transitional Care Center and its planned replacement and relocation of the existing facility.

As a practicing orthopedic surgeon in Columbia for the last 19 years, I would also like to emphasize the fact that NHC has been at the forefront of leading inpatient short term orthopedic rehabilitation. As the need for younger and more active patients to go undergo knee and hip replacement surgeries has exploded, the associated need of these patients for facilities that participate in short term and aggressive functional rehabilitation has also exploded. NHC has been proactive in meeting those needs. However, the needs have now out stripped their facility. I believe that an expanded facility with improved physical therapy and occupational therapy will continue to allow us to meet the tremendous growth and need that we seeing in our region. Please accept this letter in strong support of the new facility.

Sincerely,

Freddie Wade, M.D.

JFW/mkc

**TENNESSEE FARM BUREAU FEDERATION**

July 17, 2011

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, Tennessee 37243

Dear Mrs. Hill:

Please accept the following comments as supportive material in consideration of the proposed relocation of services and further relationship between Maury Regional Hospital and NHC Hillview Medical Center.

I am acutely aware of the need for medical assistance during transition points during our life. As a customer of the current NHC Hillview Medical Center, due to my 94 year old mother having been a resident for over three years following a repeated broken hip, and as a participant in the Ortho Short Stay Program at Hillview following double knee replacement personally, I want to support the new proposed facility. I have also had ample opportunity to utilize the services of an excellent regional hospital personally and as a business leader. I feel experience qualifies me to make informed statements not only to the need for care, but the excellent quality of care.

It is extremely gratifying to see the joint efforts of two well-qualified entities join forces in serving the needs of this community. The need for transitional health assistance and long-term care are no doubt going to grow in significance as life styles dictate assistance in elder care and improved technology and health care delivery allows more individuals to improve quality of life. A new facility with a dedicated focus will certainly be a positive for the health care industry and the people served.

I appreciate your consideration of my opinion and any assistance you might provide as a Certificate of Need is developed.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joe Pearson", with a large, sweeping flourish extending to the right.

Joe Pearson
Chief Administrative Officer

July 26, 2013

9:44 am

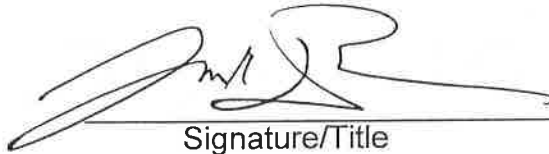
2013 JUL 26 AM 9 46

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF RutherfordNAME OF FACILITY: NHC-Maury Regional HealthCare, LLC d/b/a NHC/Maury Regional Transitional Care Center

I, Bruce K. Duncan, being first duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Signature/Title

Assistant Vice President

Sworn to and subscribed before me, a Notary Public, this the 25th day of July, 2013, witness my hand at office in the County of Rutherford, State of Tennessee.

My commission expires 9-20, 2015

HF-0043

Revised 7/02

COPY-

**Additional
Information**

**Maury Regional Transitional Care
Ctr.**

CN1307-025

LEGAL

200

Garage Sales

ESTATE/ MOVING SALE: 3970 Petty Ln. Columbia. Thursday-Saturday, 7/11-7/13, 7:30am-4:30pm. Lots of furniture, Cub Cadet Riding Mower, antiques, glassware, washer/ dryer, much more!

GARAGE SALE. 101 East College St., Summertown. July 11th & 12th. 20 years of stuff- men/ women's clothes, dishware, indoor/ outdoor furniture, power tools, kids toys, and many more stuff!! Please come and look worth the drive. Something for everyone. Rain or shine!

200

Garage Sales

MULTI-FAMILY SALE, CULLEOKA. Lots of household and baby items, clothes, shoes, toddler to adults. Electronics, jewelry. 1949 Mooresville Pike, Friday and Saturday, 8 - 4.

200

Garage Sales

WE ARE OFF to travel so all must go! Tools, sofa, recliner, end tables, lamps, TV, DVD Player, antique repro 3 board table, 44" round dinette set, vacuum, pie safe, dishes, pans & home decor. Part of sale items will be inside. 960 Pinehurst in Port Royal townhome complex; watch for signs. 9AM-7PM until all is gone. 7/10/13-7/12/13.

YARD SALE THURSDAY and Friday, 8 til. Lawnmowers, tools, hot tub, clothes, variety of everything! 1821 Scribner Avenue.

250

Services Offered

#1 LOWEST PRICE. Lawncare, Mowing, Bushhogging. Licensed, Insured and Bonded. (931)982-9737.

A1 HAUL AWAY Service. You call we haul. Free estimates. Also, estate clean-up and small demolition. (931)446-3574.

AAA LAWN CARE. INSURED. MOWING, Trimming & Landscaping. Free Estimates. Call Brian, (931)215-6995.

AFFORDABLE LANDSCAPING, by Will. Shrubs Trimmed, Flower Beds Cleaned, Mulching, Tree Work,

ALL PI Roof hauling, modelin washing ing, de (931)79

AMERICAN SURE Houses ways, 1 of dec Ugly stains out pre Free (931)38 (931)21

ANDER CONTR your pe Quality fordable mates. (

AVILE AFFOR vices, Broom gate S ways, Basem (931)62 (931)69

CONOF WAYS Sealed, (931)30

FREE REMOV Dryers, Grills, L ETC. 1 /text. (6

S Sale 2013

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: NHC/Maury Regional Transitional Care Center, Nursing Home owned by: NHC-Maury Regional HealthCare, LLC with an ownership type of Limited Liability Company and to be managed by: Tennessee HealthCare Advisors, LLC intends to file an application for a Certificate of Need for: the establishment of NHC/Maury Regional Transitional Care Center, a 112 bed nursing home, by relocating and combining two existing licensed nursing home facilities, NHC HealthCare, Hillview consisting of 92 nursing home beds, license number 183 and Maury Regional Hospital SNU's 20 bed nursing home, license number 181. No new beds are being requested as part of this application. The proposed center will be Medicare certified. The center site will be located on approximately 11 acres at 5004 Trotwood Ave in Columbia, Maury County. The project costs for the nursing home are estimated to be \$18,161,672.

The anticipated date of filing the application is: July 15, 2013

The contact person for this project is Bruce K. Duncan, Assistant Vice President who may be reached at: National HealthCare Corporation, 100 Vine Street, 12th Floor, Murfreesboro, Tennessee 37130, 615/ 890-2020

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

STATE OF TENNESSEE

2013 JUL 31 PM 2 08

COUNTY OF MAURY

PROOF OF PUBLICATION


Before me, Vickie L Woody, of the county and state aforesaid,
Personally appeared Mark Palmer with whom I am personally
Acquainted and who upon oath acknowledged herself to be the
Bookkeeper of *THE DAILY HERALD*, a newspaper published in the
City of Columbia, in said county and state, who, on oath, deposes
And says that the publication of which the annexed slip is a true
Copy, was published in said newspaper as follows:

DATE
JULY 10, 2013

SIZE
18.00"


PUBLISHER

Subscribed and sworn to before me, this 31st
day of July, 2013


NOTARY PUBLIC

MY COMMISSION EXPIRES:
6/25/2017





2013 JUL 10 AM 9 14

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the The Daily Herald which is a newspaper
(Name of Newspaper)
of general circulation in Maury Tennessee, on or before July 10, 2013,
(County) (Month / day) (Year)
for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

NHC/Maury Regional Transitional Care Center Nursing Home
(Name of Applicant) (Facility Type-Existing)

owned by: NHC-Maury Regional HealthCare, LLC with an ownership type of Limited Liability Company
and to be managed by: Tennessee HealthCare Advisors, LLC intends to file an application for a Certificate of
Need for: the establishment of NHC/Maury Regional Transitional Care Center, a 112 bed nursing home, by
relocating and combining two existing licensed nursing home facilities, NHC HealthCare, Hillview consisting of 92 nursing
home beds, license number 183 and Maury Regional Hospital SNU's 20 bed nursing home, license number 181. No new
beds are being requested as part of this application. The proposed center will be Medicare certified. The center site will be
located on approximately 11 acres at 5004 Trotwood Ave in Columbia, Maury County. The project costs for the nursing
home are estimated to be \$18,161,672.

The anticipated date of filing the application is: July 15, 2013

The contact person for this project is Bruce K. Duncan Assistant Vice President
(Contact Name) (Title)

who may be reached at: National HealthCare Corporation 100 Vine, Street, 12th Floor
(Company Name) (Address)

Murfreesboro Tennessee 37130 615 / 890-2020
(City) (State) (Zip Code) (Area Code / Phone Number)

 7/5/13 Bduncan@nhccare.com
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243**

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====



Orthopedic Surgery & Sports Medicine

C. Douglas Wilburn, MD
Randall L. Davidson, Jr., MD
Jeffrey T. Adams, MD
J. Fredrick Wade, MD
A. Lee Hunter, Jr., MD
Scott W. McCall, MD
Jonathan R. Pettit, MD

Physical Medicine & Rehabilitation

Charles S. Kim, MD

Administration

Fred Drews
Chief Executive Officer

2013 July 12 8 55
Eslick E. Dargatzis, MD
Kenneth L. Moore, MD

1050 N. James Campbell Blvd. • Suite 200 • Columbia, TN 38401 • Phone 931-381-BONE (2663) • Fax 931-380-0513 • www.mtbj.net

July 2, 2013

Ms. Melanie Hill, Executive Director of Health Service
and Development Agency
161 Rosa L Parks Blvd., 3rd Floor
Nashville, TN 37243

Dr. Ms. Hill:

This is a letter in support of NHC/Maury Regional Transitional Care Center. I think this would be an excellent addition to our community with our high percentage of elderly that we care for, plus a high level of elective total joint patients needing acute rehab. I think this will be an excellent addition to our community providing quality care and improving availability for our patients. I am strongly in favor of this project.

Sincerely,

Jeffrey T. Adams, M.D.

JTA/kaa

DT: 7/8/13



Orthopedic Surgery & Sports Medicine

C. Douglas Wilburn, MD
Randall L. Davidson, Jr., MD
Jeffrey T. Adams, MD
J. Fredrick Wade, MD
A. Lee Hunter, Jr., MD
Scott W. McCall, MD
Jonathan R. Pettit, MD

Physical Medicine & Rehabilitation

Charles S. Kim, MD

Emeritus

Eslick E. Daniel, MD
Kenneth L. Moore, MD

Administration

Fred Drews
Chief Executive Officer

2013 AUG 8 AM 9 32

1050 N. James Campbell Blvd. • Suite 200 • Columbia, TN 38401 • Phone 931-381-BONE (2663) • Fax 931-380-0513 • www.mtbj.net

July 31, 2013

Ms. Melanie Hill, Executive director
Health Service and Development Agency
161 Rosa L. Parks Blvd., Third Floor
Nashville, TN 37243

Dear Ms. Hill:

Please accept this letter in support of the NHC/Maury Regional Transitional Care Center and its planned replacement and relocation of the existing nursing facility. I have practiced orthopedics in Maury County for 20 years. The evolution of orthopedic rehab has led many patients not only to survive injuries such as hip fractures, but also hope and expect return to a quality life after recovering from hip fractures. Also, the growing number of elderly people in need of hip and knee replacements along with technology has dramatically improved these patient's ability to return to independent life without pain. Nursing facilities such as the one planned will dramatically shift the ability of our county to provide aggressive, state of the art rehabilitation to patients recovering from these procedures. With the newer facility and state of the art rehabilitation, patients can look forward not only to recovery, but recovery at a quicker pace and with goals that include returning to normal independent and productive lives.

I strongly support application for the certificate of need application and greatly appreciate your consideration of my letter in this request.

Sincerely,

Joseph F. Wade, M.D.

JFW/kaa

DT: 7/31/13

Sheila Butt
State Representative

**Assistant Chairman State
Government Committee**

**106 War Memorial Building
Nashville, TN 37243
Phone: (615) 741-3005**



64th District Office
P.O. Box 1283
Columbia, TN 38402

Phone: (931) 698-5432
Fax: (615) 253-0365
rep.sheila.butt@capitol.tn.gov

State of Tennessee

House of Representatives

July 15, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

The following letter is in regard to my enthusiastic support for NHC/Maury Regional Transitional Care Center to replace and relocate 112 nursing facility beds in Maury County. As a physician practicing in Maury County, I am aware of the great need for such a facility. As you know, a large percentage of the population in this county is comprised of the elderly. Such a facility would be an asset and would fulfill a need for the elderly and their families.

Thank you very much in advance for your attention and cooperation in this matter.

Sincerely,

A handwritten signature in black ink that reads "Sheila Butt". The signature is written in a cursive, flowing style.

State Representative Sheila Butt
64 District

SB:jw

CPWS

Columbia Power & Water Systems

201 Pickens Lane
P.O. Box 379
Columbia, TN 38402

P 931.388.4833
F 931.388.5287
www.cpws.com

2013 JUL 18 AM 9 51

July 15, 2013

Mrs. Melanie Hill, Executive Director
Health Service and Development Agency
161 Rosa L. Parks Blvd, 3rd Floor
Nashville, TN 37243

Dear Mrs. Hill:

I am writing in support of NHC/Maury Regional Transitional Care Center's Certificate of Need application. I understand that NHC/Maury Regional Transitional Care Center is proposing to relocate and replace their existing licensed nursing facility beds in Maury County with a new facility.

In my role as executive director of Columbia's power, water and broadband utilities, and as the chair-elect of the Maury County Chamber and Economic Alliance, I am encouraged by this partnership between NHC and Maury Regional Medical Center. Both organizations are vitally important members of our community. I believe Maury County will be made better by this endeavor.

By approving the Certificate of Need, your agency will allow NHC/Maury Regional Transitional Care Center to better address the medical and rehabilitation needs of Maury County. Thank you for your favorable consideration of this CON application.

Sincerely,

Columbia Power & Water Systems



Wes Kelley
Executive Director

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
OFFICE OF HEALTH STATISTICS
615-741-1954**

DATE: September 3, 2013

APPLICANT: NHC/Maury Regional Transitional Care Center
5004 Trotwood Avenue
Columbia, TN 38401

CON#: CN1307-025

CONTACT PERSON: Bruce Duncan, Assistant Vice President
National Healthcare Corporation
100 Vine Street
Murfreesboro, Tennessee 37130
615-890-2020

COST: \$18,161,672.00

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application (CON) for financial impact, TennCare participation, compliance with the *Tennessee State Health Plan* and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, NHC-Maury Regional Transitional Care Center owned by NHC Maury Regional HealthCare, LLC and to be managed by Tennessee HealthCare Advisors, LLC is filing an application with the Tennessee Health Services and Development Agency for a Certificate of Need for the establishment of NHC/Maury Regional Transitional Care Center, a 112 bed nursing home, by relocating and combining two (2) existing licensed nursing home facilities, NHC HealthCare, Hillview consisting of 92 nursing home beds with license number 183 and Maury Regional Hospital Skilled Nursing Unit consisting of 20 nursing home beds with license number 181. The project does not increase or reduce the number of licensed nursing home beds in Maury County. The nursing home will be certified as a Medicare skilled nursing facility. The project costs for this facility are consistent with those shown in the Letter of Intent and as set forth in the Project Cost Chart found on page 96 of the initial application.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee State Health Plan*.

NEED:

While the two existing nursing homes, NHC HealthCare, Hillview and Maury Regional Hospital Skilled Hospital Unit do serve a number of out of county residents the applicant for the new facility, NHC/Maury Regional Transition Center considers Maury County the primary service area for this project. Based upon a review of the *Joint Annual Report of Nursing Homes 2011 (Final)* patient origin data for each facility on the last day of the reporting period revealed fully 67% of residents at the Maury Regional Hospital Skilled Nursing Unit were from Maury County. The patient origin data for NHC HealthCare, Hillview revealed 74% of the residents were from Maury County. Therefore, the service area for the purpose of this project appears reasonable in light of the data available to the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics.

The service area population for Maury County is contained in the following table:

Service Area Population Projections			
County	2013 Population	2015 Population	% Increase/ (Decrease)
Maury	82,029	82991	1.2%

Source: *Tennessee Population Projections 2010-2020, June 2013 Revision*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics

The population projections utilized by the applicant include TN Health Statistics, and the US Census Bureau. The population estimates are consistent with the population projections of the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics based on the June 2013 revisions.

Based on the review of this CON application the project would not change the number of nursing home beds licensed by the Tennessee Department of Health, Division of Health, Licensure and Regulation-Office of Health Care Facilities.

The need for this project involves several factors as summarized in Section B, Item II. A. (pages 7-10) of the CON Application:

- NHC HealthCare, Hillview was acquired by NHC in 1971. The original construction dates back to 1964 and the facility contained 60 beds. In 1982, three (3) patient wings were added bringing the total number of beds to the current 92. In the period that followed the 1982 renovation and expansion of NHC HealthCare, Hillview, a number of problems with the current aging facility became apparent to NHC. They are as follows:
 1. The expectations of the end user have changed in the intervening years since the facility was constructed and renovated. Potential residents and families want improved room accommodations such as private bathrooms.
 2. The physical plant is aging and NHC is facing numerous structural problems including sewage lines, plumbing, roofing and electrical service issues.
 3. The facility has implemented the Ortho Short Stay Program directed at a younger orthopedic client base emphasizing short term intensive physical and occupational therapies. The applicant believes a larger therapy space is needed to provide more comfortable arrangements for their clients and improve therapeutic outcomes.
- Maury Regional Hospital Skilled Nursing Unit is a 20 bed skilled nursing facility located within Maury Regional Hospital. While it was last retrofitted in 1997, the facility has been impacted by the following:
 1. The facility has been impacted by the changing taste of potential clients and their families. Because of limited square footage of the current facility, changes to address the demand for private bathrooms cannot be implemented. Currently, each bathroom is shared by four (4) clients. The facility has attempted to address this situation by reducing its census to allow greater privacy and to improve access to its bathrooms for its clients.
 2. The staff, as reported in Supplemental #1 page 2, cannot reconfigure the existing site within the hospital to address the need for larger rooms, and private bathrooms for example. The relocation of the facility to other space within the hospital is not feasible, per the representations of the applicant.

TENNCARE/MEDICARE ACCESS:

The project, if approved, will result in the establishment of a 112 bed Medicare certified skilled nursing facility. Any services rendered to a TennCare client will be on a contractual basis with the responsible TennCare managed care organization (MCO).

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics have reviewed the Project Costs Chart, the Historic Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 96 of the CON Application. The total estimated project cost will be \$18,161,672.

Historical Data Chart: The applicant submitted a blended Historical Data Chart combining the two (2) nursing home facilities financial and utilization data. This chart can be found on page 113 of the CON Application. The licensed bed occupancy for the two (2) facilities based on the 112 licensed beds was 86.19% in 2010, 85.99% in 2011 and 86.03% in 2012. The net operating income (loss) less capital expenditures went from (\$236,184) in 2010, (\$284,846) in 2011 and (\$419,065) in 2012. The applicant presented a Historical Data Chart on page 32 of Supplemental #1 which appeared to be a restatement of the original chart on page 113.

Projected Data Chart: The Projected Data Chart is located on page 118 of the CON Application. The applicant projects it will have 29,166 patient days in 2017 increasing to 38,659 patient days in 2018 with a net operating income (loss) of (\$812,249) and \$144,888 each year, respectively.

The projected Prospective Payment System (PPS) rate for the first year of the project will be \$440.01 and for the second year of the project will be \$448.07, as set forth by the applicant on page 125 of the CON Application. The average gross charge, average deduction from revenue and average net charge were calculated based upon the Projected Data Chart found on page 118 of the CON Application. These can be found on page 34 of the CON Application. The average gross charge in year one of the project is expected to be \$489.24 with an average deduction of \$135.88 and a resultant net charge of \$353.36. In the second year of the project, the average gross charge is expected to be \$510.63 with an average deduction of \$146.64 and a resultant average net charge of \$363.99. The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics verified the accuracy of these estimated charges based upon a review of the Projected Data Chart.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant is not currently licensed by the Tennessee Department of Health, Division of Health, Licensure and Regulation-Office of Health Care Facilities as NHC/Maury Regional Transitional Care Center. This project will, if approved, result in the merger of two (2) separately licensed nursing home facilities NHC HealthCare, Hillview and Maury Regional Hospital Skilled Nursing Unit. The most recent licensure/certification survey results for these facilities are as follows:

- NHC HealthCare, Hillview was surveyed on October 24-26, 2011 by staff of the Division of Health Care Facilities, West Tennessee Regional Office. The facility was found to have the following deficiencies Tag F226 CFR 483.13(0), Develop/Implement Abuse/Neglect Policies; Tag F282 CFR 483.20(I)(1)&(2) Anticipate Discharge/Recap Stay/Final Status; Tag F371 CFR 483.35(i) Food Procurement, Store/Prepare/Serve Food in Sanitary Conditions;

and Tag F441 CFR 483.65 Infection Control, Prevent the Development and Transmission Disease and Infection. The most serious deficiency was Tag F226 regarding the failure of the facility to develop and implement procedures to "provide residents, families and staff information on how and to whom they may report concerns, incidents and grievances without fear of retribution", page 1 of 7 Survey Report. The facility submitted a corrective action plan to address these deficiencies to the Division of Health Care Facilities, West Tennessee Regional Office. The corrective action plan was approved with an effective date of 12/01/2011.

- Maury Regional Hospital Skilled Nursing Unit was last surveyed on July 25, 2013. The survey took place after the applicant filed this certificate of need on July 15, 2013. The Division of Health Care Facilities, West Tennessee Regional Office determined that the facility was in compliance with licensure and certification standards for long term care facilities. The facility received a deficiency NFPA 101 Life Safety Code Standard K211 regarding the failure of the facility to ensure alcohol based hand rub (ABHR) dispensers were installed over or adjacent to ignition sources. Based upon a life safety revisit on August 16, 2013 the facility's plan of correction was accepted.

The applicant provided letters of support for this project which can be found in the CON Application on pages 176-187.

The staffing pattern for NHC/Maury Regional Transitional Care Center will not change as a result of the relocation and construction of the new 112 bed skilled nursing facility, as noted by the applicant on page 26 of Supplemental #1. All staff and partners will be given the opportunity to continue their employment at the new facility.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee State Health Plan*. The Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics will provide responses to Specific Criteria for Certificate of Need that address utilization, need, bed data and other information maintained by the Department of Health. The narrative responses of the applicant will not be repeated but can be found in the Certificate of Need Application and such Supplemental material as provided by the applicant to the Health Services and Development Agency.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has reviewed the criteria for construction, renovation, expansion, and replacement of health care institutions and has determined that this CON application will not include the addition of beds, services, or medical equipment. Therefore, the Specific Criteria for Nursing Homes are not applicable.

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
 - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics reviewed the Project Costs Chart on page 96 of the CON Application. The chart is mathematically accurate and represents an assumption based on the estimates prepared by Johnson + Bailey Architects P.C. dated July 5, 2013 as noted on page 98 of the CON Application. The estimated construction cost is \$12,004,000 or \$170.50 per square foot.

The need for this project is based upon two (2) factors which are interrelated in the view of the applicant. First, NHC HealthCare has established itself as a provider of skilled nursing home services with an emphasis upon intensive rehabilitation which focuses on what it terms "Ortho Short Stay" clinical treatment programs. The traditional dually certified bed based programs are, in the view of NHC HealthCare, not responsive to rapid market pressures as a result of the changes brought about by the Affordable Care Act and TennCare's Choices program which emphasizes lower cost community based alternatives to Medicaid long term care services. Skilled Medicare services are in higher demand and the Level I and II services can be provided by existing nursing home providers in the service area as represented by the applicant.

The Maury Regional Hospital Skilled Nursing Unit and NHC HealthCare, Hillview both are aging facilities which have limited accessibility to younger orthopedic patients requiring intensive rehabilitation services and outdated facility designs which do not fit contemporary expectations of consumers and their families such as private rooms, private bathrooms and greater space for therapy services. Another problem with these aging facilities is the condition of plumbing, electrical, sewage and roofing systems. All of these issues make renovation of the existing facilities a non-viable proposition. Therefore the construction of a new combined 112 bed Medicare certified facility is the most effective way to address consumer demands, market forces and provide a state of the art facility as represented in this CON Application by NHC HealthCare.

3. For renovation or expansions of an existing licensed health care institution:
 - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has determined, based upon the CON application, that this project does not involve the renovation or expansion of any existing nursing home facilities. Therefore this specific criterion does not apply.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics cannot provide independent verification of the existing physical plant's condition. The application does not involve the renovation or expansion of any existing nursing home. Therefore, the specific criterion does not apply.